AMY SUSSMAN / AP IMAGES FOR GERBER

State Paid Leave Administration

By Sarah Jane Glynn September 2015

State Paid Leave Administration

By Sarah Jane Glynn September 2015

Contents

1 Introduction and summary

4 Goals and intentions of a paid family and medical leave program

7 Existing approaches to paid leave

11 Necessary components of a paid family and medical leave program

20 Conclusion

21 Appendix

23 Endnotes

Introduction and summary

The United States is the only advanced economy—in fact, one of only a few countries in the world—that does not guarantee mothers the right to paid maternity leave.[1] The United States is one of only a handful of wealthy countries that also does not extend the right to paid leave to fathers, workers with other family caregiving responsibilities, or workers who experience a short-term disability.[2] In short, the United States is an extreme outlier among all comparable economies because its national policies do not guarantee the right to any form of paid leave from work for any reason.

The unfortunate reality in the United States today is that certain types of workers—primarily, those in high-paying professional jobs—are much more likely to have access to paid leave compared with other workers. Nationally, only 12 percent of the private sector has access to paid family leave, and only 40 percent has temporary disability insurance offered through jobs.[3] But most workers will find themselves needing time off at some point during their working lives, either to address their own health needs, to care for a seriously ill family member, or to care for a new baby. It is both surprising and disappointing that the United States has not yet found a way to address workers' needs for paid leave, particularly given the fact that every other advanced economy in the world has been able to do so.

The only national legislation to help workers address their own or family caregiving needs is the Family and Medical Leave Act of 1993, or FMLA.[4] The FMLA ensures that qualifying workers have job protection when they cannot work due to the birth of a child, their own serious health condition, or the need to care for a seriously ill family member. Workers are eligible provided they work for an employer with at least 50 employees, have been at their current job for at least one year, and have worked a minimum of 1,250 hours over the previous 12 months. The act was the result both of bipartisan efforts at the national level[5] and of concerted efforts in individual states. At the time then-President Bill Clinton signed the FMLA into law, 34 states had already passed their own FMLA laws to ensure that their workers would have job protection when they needed time off to care for a new baby, a seriously ill family member, or themselves.[6]

The FMLA was a groundbreaking piece of legislation and remains the only workplace protection that many workers have when they need time off for caregiving. While the job protection it provides is invaluable to the workers who are covered, 40 percent of workers are excluded because they work for small businesses, work part time, or have been with their employer for less than a year.[7] And while the FMLA ensures that those who are covered can retain their jobs, it does not ensure that they will receive any pay during their leave.

Given that so few private-sector employers provide paid family leave, most workers will not have access to income if they need to take leave. Furthermore, the workers who are least able to afford time off without pay also are far more likely not to have access to paid leave: High-income workers are more than five times as likely to have access to paid family leave compared with low-income workers.[8] This disparity means that too many families have to put their economic security at risk when they face family caregiving responsibilities. Moreover, because women are often expected to handle caregiving for their families, they are disproportionately forced to make difficult choices about how to ensure they or their families get the care they need.

While our national policies may lag behind the rest of the developed world, individual states have been active in challenging the status quo and extending the right to paid leave to their workers. Currently, five states have temporary disability insurance, or TDI, programs that provide wage replacement to workers when they cannot work due to a serious illness or injury incurred outside the workplace.[9] California, New York, New Jersey, and Rhode Island implemented state TDI programs in the 1940s, while Hawaii's law was passed in 1969.[10] The five state TDI programs were the only form of wage replacement available to workers who were temporarily unable to work throughout the rest of 20th century, until California passed a paid family leave policy in 2002.* Implemented in 2004, California's policy extended its TDI program beyond wage replacement for illness or injury and offered benefits to workers who needed time off to care for a new child or to provide care to a seriously ill or injured family member. New Jersey and Rhode Island followed suit, adding family care to their already existing TDI programs.[11]

The expansion of temporary disability insurance to include paid family leave was an important step in California, New Jersey, and Rhode Island to help bring workers' rights closer in line to the International Labour Organization's global standards.[12] The programs in these states—and their positive effects on the states' workers,[13]

***Correction, March 30, 2016:** This report incorrectly stated the year that California passed its paid family leave policy. The correct year is 2002.*

employers,[14] and economies[15]—highlight the viability and importance of paid family leave and temporary disability insurance. But what about the remaining 45 states and the District of Columbia, which do not have long-standing TDI programs on which to build paid family and medical leave, or PFML, programs? How can they efficiently and cost-effectively implement both paid family leave and temporary disability leave in one fell swoop?

There are a number of ways that a PFML program can be structured, and the final form that the program takes will depend on how states choose to answer a variety of questions. Which conditions will be covered? How long will workers be able to take leave? What level of wage replacement will be available to leave-takers? How does an individual qualify for the program? How will the program be funded? What is the ultimate role of the state government, employers, and workers? While the answers to each of these questions may differ from state to state, thus altering the ultimate type of program enacted, there are a number of commonalities and issues that must be addressed for any PFML program.

This report focuses on the aspects of a state-level PFML program that are universal, regardless of the specifics of program eligibility, benefits, and funding mechanism. Any type of program must have the ability to:

- Determine if a worker is experiencing a leave-qualifying condition
- Determine if a worker is eligible for program participation
- Calculate the amount of benefit that a worker is eligible for
- Process the leave benefit and disperse funds to the worker

Unlike in states with TDI programs, there is no perfect fit for a PFML program within already existing state programs. As a result, the creation of a new PFML program is not as simple as expanding another program to also cover family and medical leave. However, this does not mean that there are not lessons to be learned from and resources that can be shared with already established state-level benefit programs. While each state has its own unique set of circumstances, this report will lay out options for how to most efficiently and cost effectively establish paid family and medical leave. States may not be able to simply expand another program to house a PFML program, but there are opportunities to share data, infrastructure, and resources within State Workforce Agencies, state taxing authorities, and workers' compensation programs.

Goals and intentions of a paid family and medical leave program

The larger social goals for a PFML program must be woven explicitly into the program's structure, rules, and requirements. In the context of the U.S. economy, three goals should be kept in mind when crafting any PFML program: reducing inequality; promoting both short- and long-term economic security; and promoting greater gender equity at work and at home.

Reduce inequality

Currently, access to paid family leave in the United States is highly unequal: Only 12 percent of private-sector workers have access to paid family leave, and only 40 percent have temporary disability insurance provided through their employers.[16] Workers with earnings in the top 10 percent are more than five times as likely to have access to paid family leave and temporary disability as those in the lowest 10 percent.[17] Although highly paid professional workers are the most likely to have access to paid leave, all workers are equally likely to experience the need for leave, either to care for themselves or for a family member, at some point in their working lives. This is why a national program must offer all workers an equal opportunity to access leave. The program should have eligibility rules that ensure that all, or nearly all, workers can qualify for paid leave when they need it.

Build and maintain family economic security

A PFML program should help promote families' economic security in both the short and the long term. Promoting short-term economic security requires a leave program to provide a level of wage replacement that is sufficient to meet a family's needs without disincentivizing work. Benefit calculations should be progressive

enough to facilitate usage by low-wage workers and generous enough to encourage participation, while reasonable caps would be put in place to ensure that the overall costs of the program were not too high.

The program should also promote long-term economic security by supporting continued labor force participation by both men and women throughout the course of their adult lives. Current estimates are that women lose $274,044 and men lose $233,716 in total lifetime earnings and Social Security benefits as a result of leaving the workforce in order to provide family care.[18] Paid family leave, however, has been shown to have a particularly strong effect on women's labor force participation rates both in the United States and abroad: Access to paid maternity leave has been explicitly linked to mothers' faster returns to work and an increased likelihood of returning to the same job with the same employer.[19] Only very lengthy maternity leave policies have been linked to lower rates of women's employment: This effect is seen primarily in countries that offer more than 12 months of leave.[20]

Promote gender equity

Finally, a PFML program should be intended to help promote gender equity within workplaces and families. When men take family leave, they are more engaged in providing care for their children, an effect that persists even after they return to work, resulting in greater gender parity within families.[21] Providing men with greater access to leave also reduces the stigma around leave-taking, an activity that is currently associated more heavily with working women.[22] And data from other countries and U.S. state programs show that wage replacement increases men's leave-taking behavior.[23]

Facilitating women's return to work and promoting men's leave-taking will also help equalize the work histories of men and women, since women are currently more likely to take extended spells away from work than men. Closing the gap in women's and men's levels of job experience would help narrow the gender wage gap by more than 10 percent.[24]

Overarching principles

In order to effectively meet all of these goals when implemented, any PFML program must:

- Be broadly available to all workers
- Cover a comprehensive list of serious medical and family needs
- Provide adequate wage replacement
- Be inclusive of diverse families and their care responsibilities
- Be available to workers without fear of negative employment consequences
- Be affordable and cost effective[25]

Existing approaches to paid leave

There are a number of different ways that paid family and medical leave programs can be structured. The first and most basic question that must be answered is what form the program should take. In other nations, paid leave is financed and administered through one of three basic mechanisms: employer mandates and liability; social insurance; or a noncontributory system.[26] Individual employer liability is the least common and requires individual employers to provide paid leave benefits directly to their workers, sometimes through a mandate to purchase private insurance. Under this system, workers do not pay directly into the program, and employers are responsible for either self-financing paid leave benefits or paying private insurance premiums.[27] Social insurance systems, which are the most common, are financed by contributions made by employees and/or employers. Workers pay into the system, usually in the form of taxes, and then are eligible to receive wage replacement from the government when they need to take leave. Noncontributory systems often function very similarly to social insurance programs, with the government paying for leave benefits to workers rather than requiring employers to bear the cost themselves, but these programs are funded through alternate means, not through taxes that workers or their employers pay.[28]

Each option has its own drawbacks and benefits, and states will need to decide for themselves which option is the most politically feasible and beneficial to their workers.

Program structures

Employer mandates and liability

Mandates and employer liability are the least common way to structure paid leave internationally, and there is no precedent for offering paid family and medical leave in this format in the United States. Under this structure, employers are

required to provide wage replacement to their workers while they are on leave, either by directly self-financing for a leave program or by purchasing private market insurance products. This is a relatively uncommon way of providing maternity leave internationally, though a handful of countries—including Malaysia, Zambia, and Ghana—have structured their programs in this way.[29]

In its purest form, this organizing structure consists of the government imposing a mandate on businesses to provide paid leave to workers, but it does not include a transfer of government funds to businesses in order to offset costs. Instead, employers are expected to foot the bill themselves. A handful of other countries—including Singapore, Thailand, and the Republic of Korea—have developed programs where the government funds a portion of the leave while employers finance another portion.[30] In both instances, however, businesses are required to provide paid leave to workers themselves, which is in direct contrast to the current scenario in the United States.

This option is among the least attractive for two reasons. First, it requires individual businesses to bear the cost of paid family and medical leave entirely or primarily on their own. As previously outlined, paid leave has large-scale societal benefits that extend beyond a particular firm or employer. Not all businesses will experience the same level of demand for paid leave, and organizations that disproportionately employ women of childbearing age or older workers, who are more likely to experience a need for personal medical leave, would have a harder time meeting a mandate than organizations with different employee demographics.

Second, because business mandates place the cost on individual firms to provide paid leave from their company coffers, there is reason to suspect that this type of employer liability would lead to negative employment outcomes for workers who are viewed as more likely to need leave. Internationally, mandated employer-provided maternity leave has been linked to negative outcomes for women, such as employment discrimination, lowered labor force participation rates, and a large wage gap.[31] Currently, 39 percent of private-sector workers have temporary disability insurance coverage through their employers, and it is possible that the market could develop similar products to cover paid family leave if an employer mandate were passed.[32] However, this is not likely to be the most cost-effective or efficient option, since any private insurance product is likely to be experience rated, which would still incentivize employment discrimination against workers viewed as more likely to take leave. Additionally, the introduction of a for-profit business model would incentivize insurance companies to deny claims for leave, replicating some of the problems seen in the private health insurance market.[33]

Guaranteeing the right to paid family and medical leave through employer mandates and liability is likely to result in uneven and disproportionate costs for some businesses over others and in negative outcomes for women, older workers, workers with disabilities, and other workers who are the most likely to need paid leave. Creating a system of shared responsibility, as the majority of other countries and a number of U.S. states have done, is a safer and more equitable way to ensure access to paid leave. Such an option also helps drive home the reality that paid family and medical leave should not be a high-end perk for workers but rather a necessary work support, as all workers are likely to need it at some point in their lives. As a result, this should not be states' preferred approach to providing paid family and medical leave.

Social insurance

A number of other countries, including the majority of advanced economies, have crafted their family leave policies as social insurance programs where all, or nearly all, workers pay into an insurance fund, often through a small payroll tax.[34] When the need to take leave occurs, workers receive wage replacement as a government benefit. A social insurance model is attractive because, when thoughtfully planned and administered, it can provide universal coverage at a very low per-person cost.

While social insurance programs are popular internationally, they also have a precedent in the United States. Social Security and Medicare are the best-known domestic social insurance programs, with workers paying into the funds during their working years and then receiving benefits from the government when needed.[35] In addition, five states also have long maintained TDI programs that operate in a similar manner—albeit at a smaller scale—and in three states, these programs were expanded to provide workers with paid family leave as well.[36]

In these U.S. examples, social insurance functions in ways that are very similar to private insurance: Workers pay a small premium through their payroll taxes that goes into a dedicated trust fund, and when they need to utilize the program, they are provided with wage replacement drawn from that fund.

In the five states with TDI programs—California, New Jersey, Rhode Island, New York, and Hawaii—eligible workers receive wage replacement when they are unable to work due to their own serious health condition. Three of these states—California, New Jersey, and Rhode Island—also have paid family leave

programs that cover time off after the birth of a new baby or to provide care for a seriously ill family member. The exact rules regarding eligibility and coverage differ from state to state, but in all five states, workers receive a portion of their normal wages up to a capped amount and qualify based on their work history. (See Table 1 in the Appendix for a comparison of current family and medical leave programs and proposals)

Noncontributory programs

Finally, some countries have implemented noncontributory paid leave programs, which are financed through general funds rather than dedicated payroll taxes. This is a less common approach than using a social insurance model. Australia, the most recent country to create a national paid parental leave program, took such an approach when crafting its policy, which was implemented in 2011.[37] Under its program, leave-takers all receive the same benefit, paid at the national minimum wage, which is consistent with the pre-existing "Baby Bonus," which provided a flat, lump sum benefit to parents after the birth of a child.[38] In social insurance programs, where workers are taxed and thus pay into the system in relation to their wages, benefits are typically determined as a percentage of normal earnings. For example, the people who pay the most into the Social Security system also receive the highest retirement benefits. Because Australia's program offers a flat payment to all leave-takers, however, it is logically consistent for them to draw these funds from general revenue rather than tying them to specific employee contributions.

Australia's program is also unique because workers receive their benefits through their employers' payroll systems, meaning that they receive wage replacement through the same mechanism through which they receive their normal earnings.[39] The government makes an advance payment to the employer in order to cover the cost of the leave benefit, paid out of general revenue. While this may seem initially to be outside the norm for U.S. federal or state benefits, it potentially can be an efficient way to administer benefits in the United States and can be structured to be consistent with already existing domestic programs and laws. More information on the dispersal of funds to leave-takers will be discussed in detail later in this report.

Necessary components of a paid family and medical leave program

State-level paid family and medical leave can be structured and administered though employer mandates and liability, social insurance, or noncontributory programs. Regardless of the form it takes, in order to be successful, any state program must be able to do the following four things:

- Determine whether an application for leave is valid. This includes both the ability to make determinations on whether the worker's condition—medical, parental, or caregiving—qualifies him or her for leave and the ability to process the appropriate application materials.
- Determine whether the leave-taker meets the program eligibility requirements.
- Determine the amount of the paid leave benefit.
- Process payment information and disperse funds to eligible leave-takers.

Evaluating qualifying events

A viable PFML program must have the ability to make determinations as to whether an individual is experiencing an event that is covered by paid leave. The current states that offer paid leave cover the same broad categories covered under the Family and Medical Leave Act—namely, the worker's own serious health condition or family caregiving for a new child or seriously ill or injured family member.[40] Any state program, therefore, should be sufficiently broad in order to cover the diverse needs of workers and to not exclude those who are past childbearing age or have personal medical needs. Thus, a state program should cover both self and family caregiving, as do programs in California, New Jersey, and Rhode Island. This report proceeds under the assumption that any paid leave program would, at a minimum, cover the same qualifying conditions as the FMLA.

The currently existing state models provide an example of how medical determinations can be made. It is important to note that unlike long-term Social Security Disability Insurance benefits—which are intended to cover serious, long-term disabling conditions that last for at least one year or are anticipated to be terminal[41]—the short-term medical benefits being proposed here would cover a much more modest length of time, resulting in a vastly simplified medical determination process. State temporary disability insurance programs currently evaluate qualifying events after receiving official documentation from licensed medical professionals treating individual workers, while parental leave can be easily verified through state birth records.

In California, for example, medical certification is provided directly to the state from a wide variety of licensed medical professionals.[42] In addition to providing proof of licensing, medical practitioners must provide the state with either a diagnosis or detailed statement of disabling symptoms and an International Classification of Diseases, or ICD, code—which are used internationally and by U.S. hospitals, health care facilities, and the Centers for Medicare & Medicaid Services to better track and understand the clinical needs of patients. Medical professionals who submit documentation to the state must also provide an anticipated date when the individual is likely to be able to return to work. Falsely certifying a medical condition is punishable by imprisonment, fines, and/or a penalty to repay a portion of any benefits that may have been paid as a result of a fraudulent medical certification.[43] The state also has the ability to request an exam from a member of its panel of independent medical examiners in order to verify disability status.[44]

Individual businesses that offer paid leave generally rely on the same types of information, though the level of certification needed may vary from organization to organization and often follows the same guidelines and reporting documentation used for job-protected leave under the FMLA. Under the FMLA, workers provide official documentation to their employers that contains information that their medical provider has provided and signed. The types of information provided may include: the name and contact information for the worker's medical provider; the date that the worker's health condition began and how long it is anticipated to last; relevant and appropriate information about the worker's health condition; information establishing that the worker cannot perform the essential functions of his or her job or a statement establishing that a family member is under the supervision of a medical provider due to a serious health condition and that the worker needs to provide care.[45]

If an employer is concerned that such information may be inaccurate, incomplete, or outdated, an appropriate representative—not the worker's direct supervisor—may contact the worker's medical provider in order to obtain authentication or clarification of the information provided in the initial FMLA certification process. If an employer questions the validity of the initial certification, it can request a second opinion, provided that the medical professional providing the second opinion is not also an employee—for example, a principal could not request that the school nurse provide the second opinion for a teacher requesting medical leave—and that the employer pay for the cost of the additional certification. If the second opinion differs from the first, the employer may also request—and must pay for—a third opinion. The third opinion is considered final, and the employer must accept that decision.[46]

With the exception of TDI programs, there are no broad state-level programs that already provide a similar service of making medical determinations for any other programs, with the potential exception of state workers' compensation. In all but four states—North Dakota, Ohio, Washington, and Wyoming—state workers' compensation programs involve some level of privatization, and only 19 states have state-run funds that are competitive with the private market.[47] Under some circumstances, it may be possible to share resources and expertise with the medical experts in a state workers' compensation office, but in most instances, new staff, training, and systems will have to be developed. However, the lessons from state TDI and workers' compensation programs and FMLA certifications can help provide a road map for how new PFML programs could set up rules and procedures to develop a medical certification process that is streamlined and efficient without encouraging or permitting fraud.

Determining program eligibility and wage replacement

In addition to establishing that a qualifying condition has occurred, a PFML program must have enough information about a worker to know whether he or she is eligible for the program and what level of wage replacement he or she would be eligible to receive. This ideally means tapping into already existing data on workers and their earnings, rather than creating a redundant—and prohibitively expensive—new source of information.

A state-based PFML program will need two types of information on workers. First, data are needed on workers' labor force attachment in order to make determinations about program eligibility. Second, data are needed on previous earnings

in order to determine the appropriate level of wage replacement for workers who are eligible for leave. The breadth, depth, and recentness of these data will depend on the exact rules for the program.[48] In order to qualify for paid leave in Rhode Island, a worker must have:

1. Earned wages in Rhode Island and paid payroll taxes into the fund

2. Earned a minimum of $10,800 in either the base period—the first four of the last five completed calendar quarters—or the alternate base period—the last four completed calendar quarters

3. Earned a minimum of $1,800 in at least one of the base period quarters, have total base period taxable wages that are a minimum of 1.5 times as high as the highest quarter of earnings, and have total base period earnings of a minimum of $3,600[49]

Rhode Island's program calculates the appropriate benefit amount by first determining the highest quarter of earnings in the base or alternate base period. Weekly paid leave benefits are equal to 4.62 percent of the total wages earned in that quarter, which is roughly equivalent to 55 percent of weekly wages. While the details here may seem very technical, the state of Rhode Island is able to make program eligibility determinations and benefit calculations as long as it has earnings data for individual workers that cover the last five completed calendar quarters.[50]

Every State Workforce Agency—sometimes called a State Employment Agency—collects quarterly employment data on workers, primarily in association with their individual state unemployment insurance, or UI, programs, though some states collect more information than others.[51] These data are housed at the state level and are used to determine if workers are eligible for UI benefits if they lose their job through no fault of their own. Records are based on employment and wages and do not include federal workers. It is possible to use these records for other purposes besides making UI determinations, but any PFML legislation must specify clearly that the transfer of information would be mandated and must contain a way to pay for access and usage of the data. For example, California's Employment Development Department administers both unemployment insurance and the state's TDI and paid family leave programs using the same data to determine eligibility for any of them.[52] These costs associated with sharing data across programs are assessed on an individual state-by-state basis.

Similar information on quarterly earnings is also transmitted to the State Directory of New Hires, which is later shared with the National Directory of New Hires.[53] If a state is unable to access quarterly wage records for its workers through its UI systems, the same data could be accessed through the State Directory of New Hires—though again, this mandated data sharing would need to be explicitly written into legislation and paid for through appropriate compensation to cover costs. There may be, however, a lag in reporting worker information to the State Directory of New Hires—and later, to the national directory—so these data may be less up to date than those held by State Workforce Agencies. Statutory authority is required for the National Directory of New Hires to share information; therefore, it is unlikely that a state PFML program would be able to access this data set without a change to federal legislation. However, it is highly unlikely that a state would need to go to the national directory rather than through its state agency.

If quarterly wage records on workers are not available in a particular state, there are additional options with a greater time lag. State taxing authorities in the 41 states with broad-based income taxes also have data on workers' earnings from the previous calendar year submitted though individual tax filings.[54] In the case of states without income taxes, the Internal Revenue Service, or IRS, receives detailed information about individuals' employment earnings records through federal tax filings. This information may be shared with select other agencies, including with the Social Security Administration for the limited purposes of determining Social Security and Medicare eligibility, with state taxing authorities, and pursuant to court order with law enforcement agencies.[55]

However, low-wage workers without tax liabilities who are not legally required to file their taxes may not do so and thus would not be captured in these data sets. Low-wage workers who do not file their taxes because they do not owe money to their state taxing authority or to the IRS may be losing out on potential tax refunds. Using data from the previous year's tax filings as a way to determine eligibility for a state PFML program could potentially help incentivize filing among this group.

The benefit of using wage records collected through a State Workforce Agency or the State Directory of New Hires is that this information can be broken down on a quarterly basis and is much more frequently collected and updated. Individual wage records should be available through these sources with no more than a three-month lag between the last piece of wage information collected and the date the worker would be applying to take leave. If a worker applies to take leave in June,

for example, the State Workforce Agency should have on file his or her wage data from the previous quarter, spanning January through March. Having more recent wage and employment data can be useful not only to determine whether a worker has sufficient labor force attachment to qualify for paid leave but also to ensure that any wage replacement calculations are being made using recent and therefore more relevant data. However, if states must use tax filings as a source of employment and earnings information, there may be more than a one-year gap between the most recently available data and the date a worker applies for leave.[56]

Dispersing wage replacement

After determining program eligibility and calculating wage replacement, a national PFML program must have the ability to transfer the cash benefit to leave-takers in a timely and efficient manner. Most governmental programs have moved away from dispersing paper checks to individuals who receive benefits in favor of electronic transfers of funds in order to save money and to simplify and expedite an individual's receipt of benefits. For example, Social Security and Supplemental Security Income benefits can, in the vast majority of cases, only be received through direct deposit into a recipient's back account or transferred to a Direct Express account, which can be accessed using a Direct Express Debit MasterCard. Electronic Benefits Transfer cards, provided by independent contractors, are similar to debit and credit cards and are used to disperse benefits for the Supplemental Nutrition Assistance Program, or SNAP, formerly known as food stamps; Temporary Assistance for Needy Families, or TANF; and, in some cases, the Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC.[57] States have similar contracts with banks to provide UI benefits, though these benefits are provided using a separate card.[58]

Federal law dictates that individuals cannot be required "to establish an account for receipt of electronic fund transfers with a particular financial institution as a condition of … receipt of a government benefit,"[59] and direct deposit of benefits funds should always be the first choice due to its efficiency and cost effectiveness. As of 2013, the rate of direct deposit for unemployment benefits ranged from 16 percent to 82 percent, with an average of 57 percent, indicating that states could do more to encourage and facilitate the direct transfer of funds into recipients' bank accounts.[60] However, because roughly 8 percent of the population—17 million adults—is unbanked, it is important and necessary to ensure that individuals have alternate means of receiving their cash benefits.[61]

The already existing state paid family leave and TDI programs use preloaded debit cards to disperse wage replacement to leave-takers. California and New Jersey have partnered with Bank of America to provide debit cards that allow beneficiaries to access their funds, while Rhode Island provides cards through a contract with Chase Bank for recipients who do not sign up for direct deposits.[62] In all three states, these are also the same cards that are used to disperse UI benefits to eligible workers.[63] The use of such cards is not without its potential downsides, including fees for common actions such as checking the account balance or withdrawing funds. While cards that are associated with banks usually have free withdrawals when using an in-network ATM, recipients may not live in an area where they are readily accessible.[64] However, paper checks also can present problems for people who may have difficulty cashing them, and they are expensive to process and mail. The state of California estimated that it would save $4 million as a result of its switch from mailing checks to the use of debit cards.[65]

Each of these options involves contracting with outside vendors in order to administer the accounts and ensure access to benefits. The largest governmental agencies that currently have the ability to disperse cash benefits directly to individuals are the Social Security Administration—through direct deposit or prepaid debit cards—and the IRS—through either direct deposit or the mailing of paper checks. However, the administration of a benefit for workers can potentially be achieved through the same means as their normal wages. In Australia, the most recent country to create a national paid parental leave program, leave-takers all receive a flat benefit paid at their national minimum wage, equal to 657 Australian dollars per week before taxes as of July 2015.[66] Workers receive their benefits through their employers' payroll systems, meaning that they receive wage replacement through the same mechanism through which they receive their normal earnings.[67] The government makes an advance payment to the employer in order to cover the cost of the leave benefit. Rather than contracting with a bank or credit card company—a system that costs billions of dollars and often imposes fees on benefit recipients in the United States[68]—in this formulation, the government is essentially contracting directly with the employer of the individual receiving leave. In the case of Australia, employers also can receive a tax deduction for the cost of processing the paid leave benefit, which is nominal and, under most circumstances, should not be any more difficult or burdensome than processing normal payroll.

The most appropriate method of fund dispersal will depend on the context and conditions already present in a particular state. Direct deposit should always be the first option, in keeping with federal law and in order to minimize delays in

receiving payments and costs for benefit recipients. In states where unemployment benefits are dispersed on high-quality prepaid cards with low fees for users, it may be the most cost-effective and efficient way to make PFML benefits available through the same vehicle. This may be a particularly sensible option if the new PFML program is sharing data sources with the UI system through the same State Workforce Agency. While at present there are no domestic programs that provide benefits through employer payroll systems in the way that Australia does, this is a mechanism that is worthy of additional research and may be a more reasonable option for some states, particularly in cases where a PFML program is sharing data with the state taxing authority rather than a State Workforce Agency.

Why does paid family and medical leave need to be a separate program?

Throughout this report, the default presumption has been that any state interested in implementing paid family and medical leave would establish it as a distinct program with its own staff, trust fund, and administrative rules. But the three states with PFML programs were able to institute them by expanding their long-standing TDI programs. Why not do the same with unemployment insurance in states without temporary disability insurance?

Expanding temporary disability benefits to also cover paid family leave is ideologically consistent with the original intent of TDI programs. Temporary disability leave is intended to provide wage replacement to workers who temporarily cannot perform their normal work duties because of a medical condition, while paid family leave benefits are for those who are temporarily unable to work due to caregiving responsibilities for a new baby or other family member. The pairing of the two benefits is consistent with the qualifying conditions outlined under the FMLA, and states use the same labor force attachment eligibility criteria and wage replacement calculations for both types of benefits.

The idea of implementing paid family and medical leave by creating a similar partnership with state unemployment benefits has been presented in the past, but this pairing is not as ideologically consistent or feasible as partnering with temporary disability insurance. UI benefits are intended to provide wage replacement to workers when they separate from their jobs through no fault of their own, usually due to layoffs caused by lack of work or job elimination.[69] But workers who are taking paid family and medical leave ideally would not separate from their jobs, as these programs are intended to work in tandem with the FMLA's job protection in order to facilitate continuous employment.

Additionally, in order to qualify for unemployment benefits, a worker must be available and able to return to work as soon as a suitable new job is found, a state of being which is incompatible with paid family and medical leave, which is needed precisely because a worker cannot go to work due to personal or family caregiving responsibilities.[70] The unemployment insurance modernization program allowed states to expand their UI programs to cover workers who had to leave their jobs due to "compelling family reasons," which include caregiving for seriously ill or injured family members.[71] So while 24 states have UI rules that theoretically can provide benefits to family caregivers, this does not cover all of the conditions outlined under a PFML program and still requires workers to leave their jobs in order to collect the benefit, something at odds with the spirit of a PFML program.[72]

In addition, the funding and staffing for UI programs are driven by a program's workload, which depends on the state of the economy. The taxes that employers pay into the system are experience rated, with employers who regularly send people into the UI system paying higher taxes than those who experience less turnover. If a state PFML program were funded through payroll taxes, this sort of structure would not be appropriate. If a payroll tax for paid family and medical leave were experience rated, it would disincentivize leave-taking among the populations who need it most and could potentially lead to employment discrimination. Furthermore, individual states do not hold their own UI funds, and the taxes they collect from employers are transferred to the U.S. Treasury, which holds accounts for each state and contributes federal funds. Incorporating PFML funds into this structure would be overly complicated with no real benefit, since there would be no federal contribution. It also would be highly problematic from legal and accounting perspectives to mingle the funds for both programs.

The staffing and capacity of state UI offices is likewise driven by demand for their services, which ebb and flow based on the strength of the economy and unemployment rates. The need for paid family and medical leave as a whole is much more stable, so housing a PFML program directly within a UI office would likely result in staffing difficulties. Further complicating matters, the computing infrastructure and software capabilities for state UI offices vary dramatically, and in many cases, it simply would not be possible to add new program administration capabilities to already existing computer systems.[73] Finally, many UI programs have low solvency levels, making it unlikely that there would be much appetite at the state level to take on another new benefit.[74]

There are many lessons that a state PFML program could learn from local UI programs and efficiencies that could be built upon by sharing data, benefit dispersal mechanisms, and other processes. However, they should be two separate programs with their own staff, funding mechanisms, and trust funds in order to adhere to the underlying principles of each program and to ensure that workers are able to access the benefits that they need.

Conclusion

Today, the majority of mothers work outside the home, and the majority of children are raised in households without a full-time, stay-at-home caregiver.[75] But at the same time, access to work-family supports such as paid leave are unequally distributed, with white, highly educated, and highly compensated workers much more likely to have access to paid leave and other supports than people of color and workers with less formal education and lower wages.[76] State paid family and medical leave programs are one way to help bring the United States up to the same standards as every other advanced economy in the world and to bring its labor standards in alignment with the realities of the 21st century labor force.

Businesses, workers, and the economy all stand to gain from PFML programs that provide workers with wage replacement when their caregiving needs prevent them from working. Paid leave has been proven to support labor force attachment, and it promotes family economic security in both the short and long terms.

There are a number of already existing options to draw from regarding organizational forms, information sources, and administrative mechanisms when crafting a PFML program. Building upon the best-proven elements of existing leave programs at home and abroad will allow states to develop comprehensive PFML programs that can help reduce inequality, support and maintain family economic security, and promote greater gender equity.

Appendix

TABLE 1

Comparison between existing leave programs

Current national and state family and medical leave policies

	Length of leave available			
	Temporary disability, including pregnancy-related medical leave	Parental and family caregiving leave	Wage replacement	Eligibility requirements
Family and Medical Leave Act of 1993	Up to 12 weeks	Up to 12 weeks	None	Worked at current job for at least 12 months and logged at least 1,250 hours in the previous year **AND** Work for an employer with at least 50 employees within a 75 mile radius
California	Up to 52 weeks	Up to 6 weeks	55 percent, with a weekly maximum of $1,104	Earned at least $300 in base period
New Jersey	Up to 26 weeks	Up to 6 weeks	66 percent, with a weekly maximum of $604	Earned at least $8,300 in base year **OR** Earned at least $165 per week for a minimum of 20 weeks
Rhode Island	Up to 30 weeks	Up to 4 weeks	55 percent, with a weekly maximum of $795	Earned at least $10,800 in base period or alternate base period **OR** Earned at least $3,600 in base period, and earned a minimum of $1,800 in at least one base period quarter, with total base period earnings of at least 150 percent of the highest quarter's earnings
New York	Up to 26 weeks	n/a	50 percent, with a weekly maximum of $170	Worked at least 4 consecutive weeks for a covered employer **OR** Work for an employer who provides voluntary coverage **OR** Work at least 40 hours per week for one employer as a domestic or personal employee
Hawaii	Up to 26 weeks	n/a	58 percent, with a weekly maximum of $510	Worked at least 20 hours per week for at least 14 weeks **AND** Earned at least $400 in the 52 weeks prior to the claim date

Source: For Rhode Island benefits, see Rhode Island Department of Labor and Training, "Temporary Disability Insurance/Temporary Caregiver Insurance," available at http://www.dlt.ri.gov/tdi/tdifaqs.htm (last accessed August 2015); For Hawaii benefits, see State of Hawaii Disability Compensation Division, "Frequently Asked Questions – TDI," available at http://labor.hawaii.gov/dcd/frequently-asked-questions/tdi/#How much benefit am I entitled to receive? (last accessed August 2015); For California benefits, see State of California Employment Development Department, "Disability Insurance (DI) and Paid Family Leave (PFL) Benefit Amounts," available at http://www.edd.ca.gov/disability/State_Disability_Insurance_(SDI)_Benefit_Amounts.htm (last accessed August 2015); For New Jersey benefits, see State of New Jersey Department of Labor and Workforce Development, "Frequently Asked Questions – New Jersey Temporary Disability Insurance," available at http://lwd.dol.state.nj.us/labor/tdi/content/faq.html (last accessed August 2015).

About the author

Sarah Jane Glynn is Director of Women's Economic Policy at the Center for American Progress.

Acknowledgments

The author would like to thank Emily Baxter for her research assistance, as well as Jane Farrell, Gay Gilbert, and Neil Gorrell for their willingness to answer technical questions. Additionally, the author would like to thank the Annie E. Casey Foundation for its generous support of this work.

Endnotes

1 Danielle Kurtzleben, "Lots of Other Countries Mandate Paid Leave. Why Not the U.S.?", It's All Politics, July 15, 2015, available at http://www.npr.org/sections/itsallpolitics/2015/07/15/422957640/lots-of-other-countries-mandate-paid-leave-why-not-the-us.

2 Francesca Colombo and others, *Help Wanted? Providing and Paying for Long-Term Care* (Paris: OECD Publishing, 2011), available at http://www.oecd.org/els/health-systems/47884889.pdf; Per Pettersson-Lidbom and Peter Skogman Thoursie, "Temporary Disability Insurance and Labor Supply: Evidence from a Natural Experiment," *The Scandinavian Journal of Economics* 115 (2) (2013): 485–507, available at http://www.ne.su.se/polopoly_fs/1.121047.1359039144!/menu/standard/file/pettersonthoursie_11nov2010_sje.pdf.

3 Bureau of Labor Statistics, "Table 32. Leave benefits: Access, private industry workers, National Compensation Survey, March 2014," available at http://www.bls.gov/ncs/ebs/benefits/ 2014/ownership/private/table32a.pdf (last accessed September 2015).

4 U.S. Department of Labor, "Family and Medical Leave Act," available at http://www.dol.gov/whd/fmla/ (last accessed August 2015).

5 National Partnership for Women & Families, "History of the FMLA," available at http://www.nationalpartnership.org/issues/work-family/history-of-the-fmla.html (last accessed August 2015); U.S. Department of Labor, "Family and Medical Leave Act."

6 Jane Waldfogel, "Family leave coverage in the 1990s," *Monthly Labor Review* (1999): 13–21, available at http://www.bls.gov/opub/mlr/1999/10/art2full.pdf.

7 Jacob Alex Klerman, Kelly Daley, and Alyssa Pozniak, "Family and Medical Leave in 2012: Technical Report" (Cambridge, MA: Abt Associates Inc., 2012), available at http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf.

8 Bureau of Labor Statistics, "Table 32. Leave benefits: Access, private industry workers, National Compensation Survey, March 2014."

9 When a temporary disability is the result of a workplace accident or workplace conditions, workers' compensation insurance is used to provide wage replacement rather than temporary disability insurance. See State of California Employment Development Department, "FAQ - Workers' Compensation," available at http://www.edd.ca.gov/Disability/FAQ_DI_Workers_Compensation.htm (last accessed September 2015); State of New Jersey Department of Labor and Workforce Development, "Temporary Disability," available at http://lwd.dol.state.nj.us/labor/tdi/tdiindex.html (last accessed September 2015); Rhode Island Department of Labor and Training, "Temporary Disability Insurance / Temporary Caregiver Insurance: Frequently Asked Question," available at http://www.dlt.ri.gov/tdi/tdifaqs.htm (last accessed September 2015).

10 U.S. Department of Labor Employment and Training Administration, "Temporary Disability Insurance," available at http://workforcesecurity.doleta.gov/unemploy/pdf/temporary.pdf (last accessed September 2015).

11 State of California Employment Development Department, "About the State Disability Insurance Program," available at http://www.edd.ca.gov/Disability/About_the_State_Disability_Insurance_(SDI)_Program.htm (last accessed September 2015); State of New Jersey Department of Labor and Workforce Development, "Family Leave Insurance," available at http://lwd.dol.state.nj.us/labor/fli/fliindex.html (last accessed September 2015); Rhode Island Department of Labor and Training, "Temporary Disability Insurance / Temporary Caregiver Insurance," available at http://www.dlt.ri.gov/tdi/ (last accessed September 2015).

12 International Labour Organization, "C183 - Maternity Protection Convention, 2000 (No. 183)," available at http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C183 (last accessed September 2015).

13 National Partnership for Women & Families, "Fact Sheet: Paid Leave Works in California, New Jersey and Rhode Island" (2015), available at http://www.nationalpartnership.org/research-library/work-family/paid-leave/paid-leave-works-in-california-new-jersey-and-rhode-island.pdf.

14 Ibid.; Brie Lindsey and Daphne Hunt, "California's Paid Family Leave Program: Ten Years after the Program's Implementation, Who Has Benefited and What Has Been Learned?" (Sacramento, CA: California Senate Office of Research, 2014), available at http://www.sor.govoffice3.com/vertical/sites/%7B3bdd1595-792b-4d20-8d44-626ef05648c7%7D/uploads/paid_family_leave_final.pdf; Maya Rossin-Slater, Christopher Ruhm, and Jane Waldfogel, "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) 2013: 224–245.

15 Bureau of Labor Statistics, "Table 32. Leave benefits: Access, private industry workers, National Compensation Survey, March 2014."

16 Ibid.; Bureau of Labor Statistics, "Table 16. Insurance benefits: Access, participation, and take-up rates, private industry workers, National Compensation Survey, March 2014," available at http://www.bls.gov/ncs/ebs/benefits/2014/ownership/private/table16a.htm (last accessed September 2015).

17 Ibid.

18 National Alliance for Caregiving, Center for Long Term Care Research & Policy, and MetLife Mature Market Institute, "The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents" (2011), available at https://www.metlife.com/assets/cao/mmi/publications/studies/2011/Caregiving-Costs-to-Working-Caregivers.pdf.

19 Francine D. Blau and Lawrence M. Kahn, "Female Labor Supply: Why is the US Falling Behind?" (Bonn, Germany: Institute for the Study of Labor, 2013); Lawrence Berger and Jane Waldfogel, "Maternity leave and the employment of new mothers in the United States," *Journal of Population Economics* 17 (2) (2004): 331–349, available at http://link.springer.com/article/10.1007/s00148-003-0159-9#page-1.

20 Christopher Ruhm, "The Economic Consequences of Parental Leave Mandates: Lessons from Europe." Working Paper 5688 (National Bureau of Economic Research, 1996), available at http://core.ac.uk/download/pdf/6894424.pdf.

21 Lenna Nepomnyaschy and Jane Waldfogel, "Paternity Leave and Fathers' Involvement with Their Young Children," *Community, Work and Family* 10 (4) (2007): 427–453, available at http://blogs.baruch.cuny.edu/worklifespecialtopics/files/2011/01/paternityCWF2007.pdf.

22 Brad Harrington, Fred Van Deusen, and Beth Humberd, "The New Dad: Caring, Committed and Conflicted" (Boston: Boston College Center for Work and Family, 2011), available at https://www.bc.edu/content/dam/files/centers/cwf/pdf/FH-Study-Web-2.pdf.

23 Maria del Carmen Huerta and others, "Fathers' Leave, Fathers' Involvement and Child Development." Working Paper 140 (Organisation for Economic Co-operation and Development, 2013), available at http://www.oecd-ilibrary.org/docserver/download/5k4dlw9w6czq.pdf?expires=1441034688&id=id&accname=guest&checksum=2ED1A4AFE6F7E661BA8E59CC331EAC37.

24 Francine D. Blau and Lawrence M. Kahn, "The Gender Pay Gap: Have Women Gone as Far as They Can?", *Academy of Management Perspectives* 21 (1) (2007): 7–23.

25 The Center for American Progress and the National Partnership for Women & Families, "Key Features of a Paid Family and Medical Leave Program that Meets the Needs of Working Families" (Washington: Center for American Progress, 2014), available at https://www.americanprogress.org/issues/labor/report/2014/12/01/102244/key-features-of-a-paid-family-and-medical-leave-program-that-meets-the-needs-of-working-families/.

26 Laura Addati, Naomi Cassirer, and Katherine Gilchrist, "Maternity and paternity at work: Law and practice across the world" (Geneva: International Labour Organization, 2014), available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_242615.pdf.

27 Ibid.

28 Ibid.

29 Ibid.

30 Ibid.

31 Ibid.

32 Bureau of Labor Statistics, "Table 32. Leave benefits: Access, private industry workers, National Compensation Survey, March 2014."

33 Peter Harbage, "Too Sick for Health Care: How Insurers Limit and Deny Care in the Individual Health Insurance Market" (Washington: Center for American Progress, 2009), available at https://cdn.americanprogress.org/wp-content/uploads/issues/2009/07/pdf/too_sick.pdf.

34 Addati, Cassirer, and Gilchrist, "Maternity and paternity at work."

35 Social Security Administration, "Social Security: A Snapshot" (2014), available at http://ssa.gov/pubs/EN-05-10006.pdf.

36 One option for a national paid family and medical leave program that CAP has previously explored and developed would be to create a social insurance program similar to the programs currently in place in California, New Jersey, and Rhode Island. This plan, originally proposed and developed by CAP's former Economist and current Senior Fellow Heather Boushey, is to create a national social insurance program that would be administered through the Social Security Administration and funded through a small payroll tax split between employers and employees. Originally called "Social Security Cares," this concept has been explained in detail in a number of reports published through the Center for American Progress and proposed in Congress as the Family and Medical Insurance Leave Act, or FAMILY Act. Under this proposal, workers would be able to take leave for the same conditions covered under the Family and Medical Leave Act—namely, to care for a new child or seriously ill family member or to recover from their own serious health condition. Qualifying leave-takers would receive two-thirds of their normal wages up to a cap of $1,000 per week. In order to be eligible for the program, an individual would need to meet the age-adjusted work history requirements that determine eligibility for Social Security Disability Insurance and would need to have had taxable earnings in the previous year. See Heather Boushey, "Helping Breadwinners When It Can't Wait: A Progressive Program for Family Leave Insurance" (Washington: Center for American Progress, 2009), available at https://www.americanprogress.org/issues/labor/report/2009/06/08/6200/helping-breadwinners-when-it-cant-wait/. The creation of a social insurance program administered in this way remains a viable option with a number of benefits, including administrative efficiency and low per-person costs, but additional options exist as well.

37 Australian Government Department of Social Services, "Families and Children: Paid Parental Leave scheme," available at https://www.dss.gov.au/our-responsibilities/families-and-children/programmes-services/paid-parental-leave-scheme (last accessed September 2015).

38 Australian Government Department of Human Services, "Budget 2013-14: Family Payments Reform - replacing the Baby Bonus," available at http://www.humanservices.gov.au/corporate/publications-and-resources/budget/1314/measures/families/48-15254 (last accessed September 2015).

39 Australian Government Department of Human Services, "Employers providing Parental Leave Pay," available at http://www.humanservices.gov.au/business/services/centrelink/paid-parental-leave-scheme-for-employers/providing-parental-leave-pay (last accessed September 2015).

40 State of California Employment Development Department, "About the State Disability Insurance Program"; State of New Jersey Department of Labor and Workforce Development, "Family Leave Insurance"; Rhode Island Department of Labor and Training, "Temporary Disability Insurance / Temporary Caregiver Insurance." This includes illnesses and injuries incurred outside work. Medical conditions that are the result of workplace injuries are addressed through workers' compensation, which is mandatory for most employers in all states but Texas. See National Federation of Independent Business, "Workers' Compensation Laws - State by State," available at http://www.nfib.com/article/workers-compensation-laws-state-by-state-comparison-57181/ (last accessed September 2015).

41 Social Security Administration, "Social Security: Disability Benefits" (2015), available at http://ssa.gov/pubs/EN-05-10029.pdf.

42 Medical certification is accepted from: "Licensed medical or osteopathic physician/practitioners; Authorized medical officer of a U.S. Government facility; Chiropractor; Podiatrist; Optometrist; Dentist; Psychologist; Nurse Practitioner after examination and collaboration with physician and/or surgeon; Licensed midwife, nurse-midwife, or nurse-practitioner for normal pregnancy or childbirth; Accredited religious practitioner" in order to claim benefits. See State of California Employment Development Department, "Basics for Physicians-Practitioners," available at http://www.edd.ca.gov/disability/Basics_for_Physicians-Practitioners.htm (last accessed September 2015).

43 State of California Employment Development Department, "Report Fraud," available at http://www.edd.ca.gov/Disability/Report_Fraud.htm (last accessed September 2015).

44 State of California Employment Development Department, "Becoming an Independent Medical Examiner," available at http://www.edd.ca.gov/Disability/Becoming_an_Independent_Medical_Examiner.htm (last accessed September 2015).

45 Wage and Hour Division, *Fact Sheet #28G: Certification of a Serious Health Condition under the Family and Medical Leave Act* (U.S. Department of Labor, 2013), available at http://www.dol.gov/whd/regs/compliance/whdfs28g.pdf.

46 Ibid.

47 Insurance Information Institute, "Workers Compensation," April 2015, available at http://www.iii.org/issue-update/workers-compensation.

48 This is clearly a two-way street. A state may decide acceptable program eligibility rules first and then seek out a data source that provides the necessary information, or it can survey the information available and craft eligibility criteria based on the data that are readily available.

49 Rhode Island Department of Labor and Training, "Temporary Disability Insurance / Temporary Caregiver Insurance: Frequently Asked Question."

50 Ibid.

51 Julie M. Whittaker and Katelin P. Isaacs, "Unemployment Insurance: Programs and Benefits" (Washington: Congressional Research Service, 2014), available at https://www.fas.org/sgp/crs/misc/RL33362.pdf.

52 State of California Employment Development Department, "Disability Insurance (DI) and Paid Family Leave (PFL) Eligibility," available at http://www.edd.ca.gov/Disability/State_Disability_Insurance_(SDI)_Eligibility.htm (last accessed September 2015).

53 Administration for Children and Families, *A Guide to the National Directory of New Hires* (U.S. Department of Health and Human Services, 2015), available at https://www.acf.hhs.gov/sites/default/files/programs/css/a_guide_to_the_national_directory_of_new_hires.pdf.

54 Workers in Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming are not required to pay state taxes on earnings. See TurboTax AnswerXchange, "Which states don't collect income tax?", available at https://ttlc.intuit.com/questions/1901267-which-states-don-t-collect-income-tax (last accessed September 2015).

55 Internal Revenue Service, "IRS Information Sharing Programs," available at http://www.irs.gov/Government-Entities/Governmental-Liaisons/IRS-Information-Sharing-Programs (last accessed September 2015).

56 While employers do file payroll taxes and related payroll information more frequently than once per year, these data are reported in the aggregate and not at the individual level. In other words, employers report their total payroll and tax liability to the Internal Revenue Service and state taxing authorities on at least a quarterly basis but not broken down and identified for each employee. See Internal Revenue Service, "Depositing and Reporting Employment Taxes," available at http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Depositing-and-Reporting-Employment-Taxes (last accessed September 2015).

57 U.S. Department of Agriculture, *Electronic Benefits Transfer (EBT) Status Report by State* (2015), available at http://www.fns.usda.gov/sites/default/files/snap/electronic-benefits-transfer-ebt-status-report-state.pdf.

58 Lauren K. Saunders and Jillian McLaughlin, "2013 Survey of Unemployment Prepaid Cards: States Save Workers Millions in Fees; Thumbs Down on Restricting Choice" (Washington: National Consumer Law Center, 2013), available at https://www.nclc.org/images/pdf/pr-reports/report-prepaid-card-2013.pdf.

59 *Electronic Fund Transfer Act*, H. Rept. 14279, 95 Cong. 2 sess. (Government Printing Office, 1978), available at http://www.federalreserve.gov/boarddocs/caletters/2008/0807/08-07_attachment.pdf.

60 Saunders and McLaughlin, "2013 Survey of Unemployment Prepaid Cards: States Save Workers Millions in Fees; Thumbs Down on Restricting Choice."

61 Federal Deposit Insurance Corporation, "2013 FDIC National Survey of Unbanked and Underbanked Households," available at https://www.fdic.gov/householdsurvey/ (last accessed September 2015).

62 Rhode Island Department of Labor and Training, "Electronic Payment Card Program: Disclosure Statement and User Agreement," available at http://www.dlt.ri.gov/ui/epcDisclosure.htm (last accessed September 2015).

63 Ibid.; State of California Employment Development Department, "The EDD Debit Card: About the EDD Debit Card," available at http://www.edd.ca.gov/About_EDD/The_EDD_Debit_Card.htm#AboutTheEDDDebitCard (last accessed September 2015); State of New Jersey Department of Labor and Workforce Development, "Labor Department Expands Debit Card Program to Include Temporary Disability and Family Leave Insurance Benefits," Press release, April 18, 2011, available at http://lwd.dol.state.nj.us/labor/lwdhome/press/2011/20110418_tdi_debit_card.html.

64 Saunders and McLaughlin, "2013 Survey of Unemployment Prepaid Cards."

65 State of California Employment Development Department, "New Debit Cards Replacing Benefit Checks for Those on Disability," Press release, February 1, 2011, available at http://www.edd.ca.gov/about_edd/pdf/nwsrel11-02.pdf.

66 Australian Government Department of Human Services, "Paid Parental Leave scheme Employer Toolkit," available at http://www.humanservices.gov.au/spw/business/publications/resources/fpr081/fpr081-1508.pdf (last accessed September 2015).

67 Ibid.

68 Lauren K. Saunders and Jillian McLaughlin, "Unemployment Compensation Prepaid Cards: States Can Deal Workers a Winning Hand by Discarding Junk Fees" (Boston: National Consumer Law Center, 2011), available at http://www.nclc.org/images/pdf/pr-reports/uc-prepaid-card-report.pdf.

69 Chad Stone and William Chen, "Introduction to Unemployment Insurance" (Washington: Center on Budget and Policy Priorities, 2014), available at http://www.cbpp.org/research/introduction-to-unemployment-insurance.

70 Ibid.

71 Rick McHugh, Liz Ben-Ishai, and Kathleen Ujvari, "Access to Unemployment Insurance Benefits for Family Caregivers: An Analysis of State Rules and Practices" (New York: National Employment Law Project, 2015), available at http://www.nelp.org/publication/access-unemployment-insurance-benefits-family-caregivers-analysis-state-rules-practices/.

72 Ibid.

73 Rebecca Dixon, "Federal Neglect Leaves State Unemployment Systems in a State of Disrepair" (New York: National Employment Law Project, 2014), available at http://www.nelp.org/publication/federal-neglect-leaves-state-unemployment-systems-in-a-state-of-disrepair/.

74 Office of Unemployment Insurance, *State Unemployment Insurance: Trust Fund Solvency Report 2015* (U.S. Department of Labor, 2015), available at http://workforcesecurity.doleta.gov/unemploy/docs/trustFundSolvReport.pdf.

75 Sarah Jane Glynn, "The New Breadwinners: 2010 Update" (Washington: Center for American Progress, 2012), available at http://www.americanprogress.org/issues/labor/report/2012/04/16/11377/the-new-breadwinners-2010-update/.

76 Author's analysis of Bureau of Labor Statistics, *American Time Use Survey* (U.S. Department of Labor, 2012).

Our Mission

The Center for American Progress is an independent, nonpartisan policy institute that is dedicated to improving the lives of all Americans, through bold, progressive ideas, as well as strong leadership and concerted action. Our aim is not just to change the conversation, but to change the country.

Our Values

As progressives, we believe America should be a land of boundless opportunity, where people can climb the ladder of economic mobility. We believe we owe it to future generations to protect the planet and promote peace and shared global prosperity.

And we believe an effective government can earn the trust of the American people, champion the common good over narrow self-interest, and harness the strength of our diversity.

Our Approach

We develop new policy ideas, challenge the media to cover the issues that truly matter, and shape the national debate. With policy teams in major issue areas, American Progress can think creatively at the cross-section of traditional boundaries to develop ideas for policymakers that lead to real change. By employing an extensive communications and outreach effort that we adapt to a rapidly changing media landscape, we move our ideas aggressively in the national policy debate.

1333 H STREET, NW, 10TH FLOOR, WASHINGTON, DC 20005 • TEL: 202-682-1611 • FAX: 202-682-1867 • WWW.AMERICANPROGRESS.ORG