



VT FaMLI

Vermont Family and Medical Leave Insurance

FAQs

What is Family and Medical Leave Insurance?

Family and Medical Leave Insurance (FaMLI) is an insurance program that allows employees to take longer-term paid leave to bond with or care for a new child, or recover from a serious long-term illness or injury.

Why is FaMLI Important?

While many employees nationally and in Vermont are eligible for unpaid family leave through the federal Family and Medical Leave Act (FMLA) and/or the Vermont Parental and Family Leave Act (PFLA), leave remains inaccessible for those who cannot afford to take time off unpaid. Implementing an insurance program for paid family and medical leave insurance would increase access to leave and will ultimately provide greater stability and economic security for workers without undue financial or administrative impact on employers.

How is FaMLI different than Paid Sick Days?

Paid sick days cover short-term leave (up to an eventual five days under VT's current law) for recovery from illness or routine health care appointments and are paid for by the employer as part of an employee's compensation/benefit package.

How is FaMLI different than Maternity/Paternity leave? Short-term and Long-term Disability leave?

Family and Medical Leave Insurance (FaMLI), Maternity/Paternity leave, and Paid Family Leave, are sometimes used interchangeably. However, there are many differences between the FaMLI program and the Maternity/Paternity/Family Leave policies individual businesses in Vermont may currently have.

Family and Medical Leave Insurance operates like an insurance program. Employees, or employers and employees, contribute a certain, very small

percentage of wages or payroll to a state fund. Then, if an employee or an employee's spouse has a new child, or if the employee or employee's family member becomes seriously ill or injured, the employee could apply to this program and receive a certain number of weeks off paid at a certain level of wage replacement.

In the current absence of such a program in Vermont, employers must decide whether or not they can afford to offer this benefit and those who choose to, must pay for the full expense of an employee's absence during this time. In a state like Vermont, where the majority of businesses have fewer than 20 employees, it can be difficult for many businesses to pay for employees to take Maternity/Paternity/Family Leave.

Employees who work for an employer without this benefit, must either use vacation, sick, or personal time, or, if eligible under federal law, take unpaid time. This leaves employees making the choice between maintaining their financial stability or bonding with a new child, caring for themselves, or family members in times of crisis.

Some employers in Vermont also choose to offer short and long-term disability insurance to employees. Like Maternity/Paternity Leave, this can also be financially difficult for many small employers in Vermont to offer. The FaMLI program, along with care for new children, also includes leave for non-work related, serious illness or injury, which would relieve employers of offering short and long-term disability insurance, unless they chose to continue to offer it as a supplemental benefit.

Do any other states have a program like this?

Yes. Currently four states (CA, NJ, RI, NY) have FaMLI laws in place. Link [here](#) to see a summary of those states' programs.

How is FaMLI paid for?

It depends.

Each state's policy has a different funding mechanism. Some are funded only by employees and some are jointly funded by employers and employees.

A 2013 Vermont Study Committee explored the possibility of an employee-funded program, through a 0.5% payroll deduction. However, it is likely that this deduction could be jointly shared by employers and employees. A series of economic analyses are currently taking place in Vermont that will look at various cost and financing structures and those results will be released prior to the 2017 legislative session.

How much is this going to cost businesses?

The answer to this depends partially on what funding mechanism is decided upon during the legislative process.

It is important to note that employers will NOT be responsible to cover the cost of wages directly under this program. Wage replacement will be facilitated by the state and financed through a small payroll deduction from employees or jointly shared by employees and employers.

A key part of this legislation is job protection for employees who take leave under this insurance program. Employers will likely be required to hold the employee's job for them during their absence. This may lead to additional costs associated with finding temporary employment or paying overtime for existing staff.

Will employees receive their full salary while they are on leave?

It depends. Each state's policy differs.

Generally, when employees are out on leave, they receive a certain percentage of their average weekly salary, capped at a certain amount. Vermont's 2013 Study Committee recommended that Vermont provide no less than 100% wage replacement, while other states provide between 55% or 66% of average weekly earnings.

Wage replacement at 100% also reflects the practices of most employers that cover wages when an employee is out on employer-sponsored paid family and medical leave.

How long is the leave?

It depends.

Currently, state and federal laws allow certain eligible employees to take up to 12 weeks of unpaid leave. States that have paid family & medical leave insurance programs provide between 4-12 for family leave and between 26 - 52 weeks for an employee's own disability. It is likely Vermont will explore up to 12 weeks of leave.

Is there job protection for people who access family or medical leave?

Currently, state and federal laws require that leave be job-protected and all states that have passed paid FMLI laws also provide job-protected leave. It is likely Vermont would follow.

What is it used for?

Family and Medical Leave Insurance is used to:

- i. Care for/bond with a newborn, adopted, or foster child

- ii. Recover from a non-work related serious illness or injury
- iii. Care for a sick or injured family member

Aren't there already similar laws in place at the state or federal level?

Currently there are two laws in place related to family and medical leave. The federal law, the Family and Medical Leave Act (FMLA) and Vermont's law, Parental and Family Leave Act (PFLA). Currently, both the federal and state laws allow certain eligible employees to take unpaid leave to care for a new child or recover from illness or injury.

Under FMLA, employees are eligible for unpaid leave if they've worked at least 1250 hours in the 12 months prior to taking the leave and if they work for an employer with 50 or more employees within a 75-mile radius of the worksite from which they are taking leave.

Under PFLA, employees are eligible for unpaid leave if they've worked an average of 30 hours per week for one year. Employees who work for an employer that employs 10 or more employees can take leave unpaid parental leave and employees who work for an employer that employs 15 or more employees can take unpaid family leave.

Aren't many businesses already doing this? What will happen to them?

There currently isn't Vermont-specific data related to what businesses currently offer for Maternity/Paternity Leave. However, a [2013 Fringe Benefit Study](#), which surveyed just over 1,000 employers in VT, shows that employers with between 50 – 250 employees are much more likely to offer Short-term and Long-term Disability Insurance to their employees than smaller employers.

Businesses that currently provide benefits that FaMLI would include (like Maternity/Paternity, Short-term and Long-term Disability Insurance) may choose to discontinue to their program since the state insurance plan will be available to their employees or they may choose to continue to offer it as a further recruitment and retention tool as a wrap around addition to the state benefit.