

Summary of H.107, the Family and Medical Leave Insurance Bill

Intent: The proposed legislation will direct Vermont to develop a family and medical leave insurance program for public and private sector employees in the state.

Number of Weeks: The program allows qualified employees to receive up to 12 weeks per year for parental and bonding leave and up to eight weeks for personal medical and family caregiving leave. Total annual leave not to exceed 12 weeks.

Eligibility: All who have earned wages in at least six months during the last four calendar quarters and have earned at least \$11,200 (1,040 hours at minimum wage) in the last four calendar quarters.

Wage Replacement: For those who earn less than Vermont's weekly livable wage, they receive 90% of their AWW. For those who earn more than Vermont's weekly livable wage, they earn 90% of Vermont's weekly livable wage plus 50 % of the amount by which his or her average weekly wage exceeds Vermont's weekly livable wage. The total benefit is capped at 2.5 times Vermont's weekly livable wage per week (\$1,334/week).

Funding Mechanism: The program is funded by default by employees with the option for employers to contribute to some or all of the cost. During the period of April 1, 2020 and September 30, 2020, the contribution rate is set at 0.1% of an employee's covered wages (all wages up to Social Security Taxable Wage) Beginning October 1, 2020, the contribution rate is set at 0.55% of an employee's covered wages.

Employer Opt-Out: Though employers are not required to contribute to the cost, employers may opt-out of this program and offer their own benefit, should that plan or benefit be as generous or more generous than this program.

Job-Protection: The employee's job is protected while they are out on qualifying leave unless:

- The position was going to be terminated prior to the employee's request, the employee would have been laid off for reasons unrelated to the leave, the employee performed a unique service and hiring a permanent employee to replace the employee was necessary to prevent substantial economic injury to the employer's operation, or;
- The employee works for an employer with fewer than 10 employees, in which case the employer is required to offer the employee returning from leave the same or comparable job if a position becomes available within a two year period

Effective Dates: Contributions begin on April 1, 2020. Benefits begin October 1, 2020

Administration: The Commissioner of Financial Regulation is tasked with seeking out a private insurance carrier to provide the benefits. The Commissioners of Labor, Financial Regulation, Human Resources, and Taxes, will develop and issue an RFI on or before July 1, 2019 with responses due by Aug. 15, 2019. By Sept. 1, 2019, the Commissioners of Financial Regulation, Human Resources, Labor, and Taxes shall develop and issue an RFP. Selection of a carrier to be completed by Nov. 15, 2019.

Reports: 1) By January 2021, the Commissioner of Labor is tasked with exploring the option for self-employed individuals to opt-in to the program and submitting a report to the legislature. 2) The Commissioner of Financial Regulation will submit a report by Dec 15, 2019 summarizing the RFP outcome. 3) In the event a suitable insurance carrier is not identified, the Commissioners of Labor, Financial Regulation, and Taxes will be tasked with submitting a report outlining a plan for state administration of the program by Dec. 15, 2019.