

Simulation Model Estimates for Michigan Senate Bill 332 (2024)

Family Leave Optimal Coverage Act

Policy parameters based on SB 332 as introduced:

- Private and state or local government employees are covered; self-employed individuals may opt-in.
- Covered workers are eligible for leave benefits if they have worked and paid into the trust fund for at least one quarter. (Modeling presented here assumed that eligibility would be similar to monetary eligibility for unemployment compensation insurance in Michigan.)
- Family and medical leave, safe leave, or military exigency leave benefits may be claimed for up to 15 weeks per year. Bereavement leave benefits may be claimed for 10 days for each death of a family member.
- Benefits are calculated as a percentage of the covered worker's average weekly wage as follows:
 - 90% of average weekly wages for earnings below 50% of the state average weekly wage;
 - 50% of average weekly wages for earnings over 50% of the state average weekly wage.
 - Maximum weekly benefits are equal to 65% of the state average weekly wage.

Family Leave Optimal Coverage Family and Medical Leave Uses

- Based on the Worker PLUS simulation model results, about 196,200 workers would claim program benefits for 216,600 family and medical leave reasons each year under the proposed policy. Adjusting these estimated approved claims for employment growth to 2026 results in 206,800 workers would claim program benefits for 228,300 family and medical leaves.
- Approximately 5.2% of all covered and eligible workers would experience a covered family or medical need, take leave from work, and have an approved application for paid family and medical leave benefits in a one-year period.
- Projecting estimated benefits for employment and wage growth to 2026, approved and family and medical leave benefits would cost \$1,046.2 million.

Paid Family and Medical Leave Claims Approved		
<i>Private, state and local employees</i>	Number	Percent of Covered and Eligible Workers*
Medical Leaves (including Pregnancy-related)	105,997	2.8%
Family Leaves (Bonding and Caregiving)	110,640	2.9%
Total Approved Claims	216,637	--
Number of Workers with Approved Claims	196,245	5.2%

*Eligibility based on at least one-quarter of employment and earnings of \$3,477 in the previous 12 months.

Note: Leaves may be taken for more than one reason in a year up to the maximum number of weeks.

Source: Estimates based on Worker PLUS simulation model using 2018 FMLA Employee survey and 2016-2020 American Community Survey. Includes private, state government, and local government employees.

Family Leave Optimal Coverage Costs

- Benefits and administration to provide Family Leave Optimal Coverage in Michigan are estimates to cost \$1,164.0 million.
- Contributions of 0.64% of just the Social Security OASDI taxable wage base would cover 135% of the estimated benefits paid and administrative costs. (The contribution rate would be lower if all wage income were included in the base.)
- Administrative costs for on-going processing of benefit claims are included in total costs reported and estimated as 6% of benefit costs based on data from existing programs. Any required repayment of general revenues appropriated for start-up costs are not included here.

Leave Reason	Program Cost (est. 2026)
Medical Leaves (including Pregnancy-related)	\$562.3
Family Leaves (Bonding and Caregiving)	\$483.9
Subtotal Family and Medical Leaves	\$1,046.2
Bereavement Leave	\$37.3
Safe Leave	\$14.6
Family Leave Optimal Coverage Benefits	\$1,098.1
Administration (6% of benefits)	\$65.9
Total Program Costs	\$1,164.0

Source: Estimates based on Worker PLUS simulation model using 2018 FMLA Employee survey and 2016-2020 American Community Survey. Includes private, state government, and local government employees.

- Additional costs for children born, adopted, or placed in calendar year 2025 whose parents claim benefits after January 1, 2026, but within the first 12 months are likely. If 25% additional bonding leaves were claimed in the first year of benefits, Michigan would expect 23,000 additional claims paid at a cost of \$101.3 million in 2026 after adjusting for growth in wages as a one-time expense at start-up.

Additional Leave Reasons

SB 332 also provides leave for safe leave (self or family care for victims of violence) and bereavement leave following the death of a family member. These are not simulated like family and medical leaves but combining some estimates from the model for eligible employment and average daily benefit amounts with incidence rates from published research to provide an estimate of usage and costs. These estimates are likely high as there is not much data on the share of eligible workers experiencing a covered event who would claim Family Leave Optimal Coverage benefits from a new program.

Safe Leave Uses

- Combining national survey data for the 12-month prevalence rate of intimate partner violence that results in missing at least one day of work for women and men applied to the Michigan workforce eligible for Family Leave Optimal Coverage estimates 37,600 claims for safe leave per year.
- The number of days that would be used by women and men for safe leave is based on the national average number of days per incident multiplied by the estimated number of claims.

- The average daily benefit simulated for family and medical leaves is used to estimate the cost for each day of safe leave benefits.
- Projecting the estimated costs for safe leave shown in Appendix A to 2026 to adjust for employment and wage growth, safe leave uses would add \$14.6 million to benefit costs in a calendar year (1.4% of family and medical leave benefits).

Bereavement Leave Uses

- The annual incidence of bereavement leaves and average number of days taken used are from a recently published study of data collected from a representative sample of small, medium, and large Canadian organizationsⁱ.
- These data suggest that 121,800 Michigan workers would take bereavement leaves each lasting 3.8 days, on average, in a calendar year.
- Applying on the average daily benefit simulated for family and medical leaves and projecting the estimated costs for bereavement leave shown in Appendix B to 2026 to adjust for employment and wage growth, bereavement leave uses would add \$37.3 million to benefit costs in a calendar year (3.6% of family and medical leave benefits).

Support for military families

In states operating paid family and medical leave programs providing benefits to military families such as Washington, Massachusetts, and Connecticut, family leaves for supporting members of the military represent fewer than 1% of approved claims reported.^{ii,iii,iv} No cost estimate for these uses are included.

Simulation Model Estimation

- Worker Paid Leave Usage Simulation ([Worker PLUS](#)) is an open-source simulation tool that can be used by researchers and federal, state, and local policy makers to estimate the effects of various worker leave scenarios and policy options on worker leave-taking behavior, and to estimate the benefits paid as well as costs of administering any given program.
- Worker PLUS employs public microdata from the Department of Labor's Family and Medical Leave Act (FMLA) Employee Survey to train models for individual-level leave needs and leave-taking behaviors and simulates leave-taking behavior and outcomes for Michigan using demographic data from the five-year American Community Survey (ACS) Public Use Microdata Sample (PUMS) for state's workforce.
- Current version is based on the 2016-2020 ACS for estimating Michigan's workforce. Employment, earnings, and benefits are estimated in 2020 dollars unless otherwise specified.
- Benefit claiming rates were specified by the analyst and selected based on previous analyses of simulating recent state paid family and medical leave programs (Washington, Massachusetts, and Connecticut) to determine rates that best reproduce administrative reports on claims and benefits paid in those states for a new program.

Appendix A: Family Leave Optimal Coverage Act for Safe Leave Uses (2020 dollars)

	Men	Women	Total	Source Notes
A Estimated Covered & Eligible Workers	1,974,557	1,830,327	3,804,884	Worker PLUS estimation results
B Missing At Least One Day of Work Due to Gender-Based Violence (12 mos)	0.7%	1.3%	--	Leemis R.W., Friar N., Khatiwada S., Chen M.S., Kresnow M., Smith S.G., Caslin, S., & Basile, K.C. (2022). ^v
C Number Using Safe Days	13,822	23,794	37,616	Calculation (A * B)
D Number of Lost Days per Incident	2.4	7.2	--	Peterson C., Liu. Y., Kresnow, MJ, et al. (2018). ^{vi}
E Total Number of Safe Days Needed	33,173	171,319	204,491	Calculation (C * D)
F Average Daily Benefit	\$72.92	\$51.17	--	Worker PLUS estimation results
G Cost for Safe Leave Uses	\$2,418,835	\$8,766,385	\$11,185,220	Calculation (E * F)

Appendix B: Family Leave Optimal Coverage Act for Bereavement Leave Uses (2020 dollars)

A Estimated Covered & Eligible Workers	3,804,884	Worker PLUS estimation results
B Taking Bereavement Leave	3.2%	Wilson, Punjani, Song, and Low (2021) ^{vii}
C Number of Bereavement Leave Claims	121,756	Calculation (A * B)
D Average Bereavement Leave (Days)	2.5	Wilson, Punjani, Song, and Low (2021)
E Average Travel Time (Days)	1.3	Wilson, Punjani, Song, and Low (2021)
F Bereavement Leave per Claim (Days)	3.8	Calculation (D + E)
G Average Daily Benefit	\$61.95	Worker PLUS estimation results
H Cost for Bereavement Uses	\$28,661,024	Calculation (C * F * G)

Endnotes

ⁱ Employees in Canada are entitled to up to 10 days of job-protected bereavement leave in the event of a death of an immediate family member's death. After 3 consecutive months of continuous employment with an employer, the first 3 days of bereavement leave are paid.

ⁱⁱ 2023 Paid Family & Medical Leave Annual Report. Employment Security Department.

<https://media.esd.wa.gov/esdwa/Default/ESDWAGOV/newsroom/Legislative-resources/2023-Annual-Report-Paid-Family-and-Medical-Leave.pdf>

ⁱⁱⁱ FY2023 Annual Report for the Massachusetts Paid Family and Medical Leave (PFML). Department of Family and Medical Leave. <https://www.mass.gov/info-details/fy2023-annual-report-for-the-massachusetts-paid-family-and-medical-leave-pfml>

^{iv} Annual Report 2023: Supporting Connecticut workers, families, and businesses. Connecticut Paid Leave.

<https://www.ctpaidleave.org/-/media/ctpl/English-PDFs-and-Docs/2023-CTPL-Annual-Report.pdf>

^v Leemis R.W., Friar N., Khatiwada S., Chen M.S., Kresnow M., Smith S.G., Caslin, S., & Basile, K.C. (2022). *The National Intimate Partner and Sexual Violence Survey: 2016/2017 Report on Intimate Partner Violence*. Atlanta, GA: National Center for Injury Prevention and Control, Centers for Disease Control and Prevention.

https://www.cdc.gov/violenceprevention/pdf/nisvs/nisvsreportonipv_2022.pdf

^{vi} Peterson C., Liu. Y., Kresnow, MJ, et al. (2018). Short-term Lost Productivity per Victim: Intimate Partner Violence, Sexual Violence, or Stalking. *American Journal of Preventive Medicine*: 55(1): 106-110.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6014928/>

^{vii} Wilson, D. M., Punjani, S., Song, Q., & Low, G. (2021). A Study to Understand the Impact of Bereavement Grief on the Workplace. *OMEGA - Journal of Death and Dying*, 83(2), 187-197.

<https://journals.sagepub.com/doi/10.1177/0030222819846419>