

Time to Care Act Was a Big Win for Workers and Families; Effective Implementation Is Key

Position Statement in support of Senate Bill 828

Given before the Senate Finance Committee

The Maryland General Assembly took a major step forward for workers and families across the state by passing the Time to Care Act in 2022. **The Maryland Center on Economic Policy extends its gratitude** to lawmakers for this decision. Senate Bill 828 makes several generally minor modifications to the law to ensure effective implementation. **The Maryland Center on Economic Policy supports Senate Bill 828** with the sponsor amendment to require equal payroll contributions by employers and workers.

2022 Time to Care Act Will Make an Important Difference for Workers and Families

Lawmakers did the right thing last year by ensuring Maryland workers can afford to take time off to care for a new child or a family member dealing with a serious illness. This decision will bring significant and wide-ranging benefits to workers and families, including improved infant health and reduced employee turnover.

Evidence from states that guarantee paid family and medical leave shows that small and large businesses alike fare well under these programs:

- Most businesses in states that today offer paid leave report positive or neutral impacts on their bottom line. Owners of small businesses are equally or more likely to report positive or neutral impacts than others.ⁱ
- 61% of small business owners support establishing state paid family and medical leave programs.ⁱⁱ
- Peer-reviewed research finds that businesses fare well when workers can take paid leave, with little impact on their bottom line and an increased chance that workers will return to their previous job after taking leave.ⁱⁱⁱ Reduced turnover has significant cost savings for businesses.

Credible academic research, as well as the experience of other states with similar programs, shows that paid family and medical leave brings significant and wide-ranging benefits:^{iv}

- **Public health benefits:** Evidence links paid leave guarantees to a decline in infant mortality, improvements in mothers' mental health, a 33% drop in upper respiratory complications among infants, and increased ability for aging adults to live at home. Research shows that children in low-income families see especially large health benefits.
- **Economic benefits:** A study found that California's paid leave guarantee decreased the number of mothers of young children with family income below the federal poverty line (currently about \$26,000 for a family of four). While paid leave enables parents to take more time off during the first few weeks of a

child's life, research shows that it can also enable mothers to return to the paid workforce sooner. Studies have linked paid leave to improvements in productivity and declines in turnover.

Ensure Contributions Are Equitable

The Maryland Center on Economic Policy strongly urges lawmakers to adopt the sponsor amendment to Senate Bill 828 to require equal payroll contributions from employers and workers. Placing three-quarters of this responsibility would inequitably ask more of workers who typically have less ability to pay. An equal split is in line with federal contributions for Medicare and Social Security.

Last year, lawmakers set the stage for a Maryland where workers can keep their jobs and their livelihoods while dealing with some of life's most significant events. Senate Bill 828, including the sponsor amendment, will ensure that this vital law is implemented effectively.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee make a favorable report on Senate Bill 828.

Equity Impact Analysis: Senate Bill 828

Bill summary

Senate Bill 828 makes several generally minor modifications to the Time to Care Act of 2022 to ensure effective implementation. A sponsor amendment would require equal payroll contributions from employers and workers.

Background

Lawmakers passed the Time to Care Act of 2022 over then-Gov. Hogan's veto, guaranteeing most Maryland workers partially paid family and medical leave. Benefits are funded by payroll contributions shared by employers and workers.

Evidence from states that guarantee paid family and medical leave shows that small and large businesses alike fare well under these programs:

- Most businesses in states that today offer paid leave report positive or neutral impacts on their bottom line. Owners of small businesses are equally or more likely to report positive or neutral impacts than others.^v
- 61% of small business owners support establishing state paid family and medical leave programs.^{vi}
- Peer-reviewed research finds that businesses fare well when workers can take paid leave, with little impact on their bottom line and an increased chance that workers will return to their previous job after taking leave.^{vii} Reduced turnover has significant cost savings for businesses.

Credible academic research, as well as the experience of other states with similar programs, shows that paid family and medical leave brings significant and wide-ranging benefits:^{viii}

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Equity Implications

Lawmakers' 2022 decision to guarantee paid family and medical leave brought considerable equity benefits. The lack of paid family leave placed significant, lopsided burdens on workers and families:

- Sixteen percent of workers nationwide needed to take family or medical leave in the last two years but were unable to do so, according to a 2016 survey by the Pew Research Center. This group includes 19% of women, 23% of Latinx workers, 26% of Black workers, and 30% of workers with less than \$30,000 in annual income.
- Workers with unmet need for leave were more likely to cite inability to afford the lost income as a reason for taking no leave or less than they needed than any other factor (72% of those taking no leave, 69% of those taking less leave than they needed).
- While some workers received full or partial pay during their time off, Latinx workers and workers with annual income under \$30,000 were least likely to receive any pay.
- Many workers who took a pay cut during their time off work dealt with the loss of income by dipping into savings intended for another purpose, cutting their leave short, taking on debt, or putting off paying bills.
- Research suggests that parents who take no leave, insufficient leave, or unpaid leave may face a higher risk of experiencing mental health problems; their children may face a higher risk of health problems or even death. Workers who face barriers to taking the leave they need—who are disproportionately workers of color or low-wage workers—are especially likely to face these risks.

Senate Bill 828 would build on this progress by ensuring effective implementation of the Time to Care Act.

The sponsor amendment to require equal contributions from employers and workers would further avoid placing disproportionate responsibilities on workers with limited ability to pay.

Impact

Senate Bill 828 including the sponsor amendment would likely **improve racial, gender, and economic equity** in Maryland.

ⁱ Eileen Applebaum and Ruth Milkman, "Leaves that Pay: Employer and Worker Experiences with Paid Family Leave in California," Center for Economic and Policy Research, 2011, <https://www.cepr.net/documents/publications/paid-family-leave-1-2011>

ⁱⁱ v "Opinion Poll: Small Businesses Support Paid Family Leave Programs," Small Business Majority, 2017, <https://smallbusinessmajority.org/sites/default/files/research-reports/033017-paid-leave-poll.pdf>

ⁱⁱⁱ Sarah Bana, Kelly Bedard, and Maya Rossin-Slater, "The Impacts of Paid Family Leave Benefits: Regression Kink Evidence from California Administrative data," *Journal of Policy Analysis and Management* 39(4), 2020, <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.22242>
Kelly Bedard and Maya Rossin-Slater, "The Economic and Social Impacts of Paid Family Leave in California: Report for the California Employment Development Department," California Employment Development Department, 2016, https://www.edd.ca.gov/disability/pdf/PFL_Economic_and_Social_Impact_Study.pdf

^{iv} Heather MacDonagh, "Family and Medical Leave Insurance," Department of Legislative Services, 2019, http://dls.maryland.gov/pubs/prod/BusTech/Family_and_Medical_Leave_Insurance.pdf

^v Eileen Applebaum and Ruth Milkman, "Leaves that Pay: Employer and Worker Experiences with Paid Family Leave in California," Center for Economic and Policy Research, 2011, <https://www.cepr.net/documents/publications/paid-family-leave-1-2011>

^{vi} v "Opinion Poll: Small Businesses Support Paid Family Leave Programs," Small Business Majority, 2017, <https://smallbusinessmajority.org/sites/default/files/research-reports/033017-paid-leave-poll.pdf>

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- vii Sarah Bana, Kelly Bedard, and Maya Rossin-Slater, “The Impacts of Paid Family Leave Benefits: Regression Kink Evidence from California Administrative data,” *Journal of Policy Analysis and Management* 39(4), 2020, <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.22242>
- Kelly Bedard and Maya Rossin-Slater, “The Economic and Social Impacts of Paid Family Leave in California: Report for the California Employment Development Department,” California Employment Development Department, 2016, https://www.edd.ca.gov/disability/pdf/PFL_Economic_and_Social_Impact_Study.pdf
- viii Heather MacDonagh, “Family and Medical Leave Insurance,” Department of Legislative Services, 2019, http://dls.maryland.gov/pubs/prod/BusTech/Family_and_Medical_Leave_Insurance.pdf

Worker's Average Weekly Wage	Annualized	Weekly Contribution (Assume 0.67% Rate)		Weekly Contribution (0.75% Maximum Allowable Rate)		Weekly Wage Replacement	Notes
		Total	Worker's Share (50% of Total)	Total	Worker's Share (50% of Total)		
\$100	\$5,200	\$0.67	\$0.34	\$0.75	\$0.38	\$90	
\$150	\$7,800	\$1.01	\$0.50	\$1.13	\$0.56	\$135	
\$200	\$10,400	\$1.34	\$0.67	\$1.50	\$0.75	\$180	
\$250	\$13,000	\$1.68	\$0.84	\$1.88	\$0.94	\$225	
\$500	\$26,000	\$3.35	\$1.68	\$3.75	\$1.88	\$450	\$12.50 per hour, 40 hours per week *
\$600	\$31,200	\$4.02	\$2.01	\$4.50	\$2.25	\$540	\$15.00 per hour, 40 hours per week **
\$683	\$35,490	\$4.57	\$2.29	\$5.12	\$2.56	\$614	90% / 50% Replacement rate threshold
\$750	\$39,000	\$5.03	\$2.51	\$5.63	\$2.81	\$648	
\$1,000	\$52,000	\$6.70	\$3.35	\$7.50	\$3.75	\$773	
\$1,050	\$54,600	\$7.04	\$3.52	\$7.88	\$3.94	\$798	FY 2020 average weekly wage ***
\$1,250	\$65,000	\$8.38	\$4.19	\$9.38	\$4.69	\$898	
\$1,454	\$75,608	\$9.74	\$4.87	\$10.91	\$5.45	\$1,000	Maximum benefit
\$1,500	\$78,000	\$10.05	\$5.03	\$11.25	\$5.63	\$1,000	
\$1,750	\$91,000	\$11.73	\$5.86	\$13.13	\$6.56	\$1,000	
\$2,000	\$104,000	\$13.40	\$6.70	\$15.00	\$7.50	\$1,000	
\$2,250	\$117,000	\$15.08	\$7.54	\$16.88	\$8.44	\$1,000	
\$2,500	\$130,000	\$16.75	\$8.38	\$18.75	\$9.38	\$1,000	
\$2,827	\$147,000	\$18.94	\$9.47	\$21.20	\$10.60	\$1,000	Social Security contribution cap
\$3,000	\$156,000	\$18.94	\$9.47	\$21.20	\$10.60	\$1,000	
\$3,500	\$182,000	\$18.94	\$9.47	\$21.20	\$10.60	\$1,000	
\$4,000	\$208,000	\$18.94	\$9.47	\$21.20	\$10.60	\$1,000	
\$5,000	\$260,000	\$18.94	\$9.47	\$21.20	\$10.60	\$1,000	

Source: Maryland Center on Economic Policy. Created January 11, 2022.

* 2022 Minimum wage.

** 2025 Minimum wage for most workers.

*** For illustration, this table uses the FY 2020 average weekly wage of \$1,050 as reported by the Maryland Workers' Compensation Commission.