

## Another Paid Family and Medical Leave Proposal: District of Columbia Considers 16 Weeks of Paid Leave under a Local Government-Administered Mandatory Fund Using a Payroll Tax

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Advocates of paid family and medical leave programs continue to press for change. In September, we reported on the **Obama Executive Order** that mandates paid family and medical leave for federal contractors as part of a paid sick leave requirement. Currently, both California and New Jersey have paid family and medical leave that supplements the unpaid leave benefits provided under the federal **Family and Medical Leave Act (FMLA)**. Earlier this month, seven members of the District of Columbia's local government Council introduced a bill (the **Universal Paid Leave Act of 2015**) that mandates up to 16 weeks of paid family and medical leave for all private and local public employees who spend at least 50 percent of their working time in the District of Columbia.

The District of Columbia proposal would require all employers to pay an amount equal to one percent of each employee's annual compensation into a Family and Medical Leave Fund administered by the city. The contribution would be structured as an additional payroll tax paid by the employer, following the model of unemployment compensation. The proposal calls for the creation of a "user-friendly, online portal" on the Internet that provides information on the family and medical leave benefit and allows the submission of claims for these benefits. The resemblance to the web-based portal for Obamacare (the Patient Protection and Affordable Care Act) is probably not a coincidence.

The structure of the paid family and medical leave benefit and the levy on employers that pays for it would be progressive in the tax sense, involving a subsidy of lower income employees' benefits by contributions for higher income employees. The wages of higher income employees are not as fully protected as the wages of lower income employees. Benefits would be paid at 100 percent of the employee's average wage up to \$1,000 per week, and 50 percent of the employee's average wage over \$1,000, up to a maximum available benefit of \$3,000 per week. However, the payroll tax is a flat one percent of all compensation without an upper limit. Further, if the Family and Medical Leave Fund accumulates at least a one-year reserve against claims, the payroll tax is reduced to zero percent for incomes under \$10,000 per year, .5 percent for incomes under \$20,000, .6 percent for incomes under \$50,000, .8 percent for incomes under \$150,000 and one percent of incomes over \$150,000.

Although federal government employees would not be covered by the Universal Paid Leave Act,

federal agencies and federal contractors may opt-in to participate. The program would apply to all other full and part time workers in the District of Columbia.

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