Work Criteria and the Earned Income Leave Benefit

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In a recent paper, we presented the Earned Income Leave Benefit (EILB), a targeted approach to provide access to up to 12 weeks of paid family leave for workers in low-income households. Policymakers may find it optimal to limit access to the EILB to those who are strongly attached to the labor force. So, a natural question is how changes in work criteria for program eligibility impacts the reach of the EILB. Previously we explored the coverage and cost implications of limiting access to the EILB just to full-time workers. In this paper, we also examine the implications of limiting access to the program based on recent work history.

WHAT IS THE EILB?

The EILB would be a low-income support program available for workers who need time away from work for a serious family or medical issue. Modeled after the Earned Income Tax Credit (EITC), the size of the benefit available through the EILB would be based on household income and only households with incomes below a certain threshold would be eligible. In the prototype version of the EILB, only workers in households with incomes under $28,000 would be eligible for the benefit. We found that this type of approach would be highly cost effective, as it would be far less costly than proposals to provide access to all workers in the United States and over 90 percent of the benefits would go to workers under 200 percent of the poverty threshold.

HOW WORK REQUIREMENTS IMPACT THE EILB

Table 1 illustrates the number of workers who would be eligible for the EILB under various work requirement parameters.

Table 1: Workers Potentially Impacted by EILB			
Category	**Workers (millions)**	**Lower-Bound Cost ($ billions)**	**Upper-Bound Cost ($ billions)**
Total who fall under EILB income parameters	14.4	$2.7	$31.6
Full-time Workers	8.4	$1.5	$17.9
Work at least 26 weeks in previous year	11.8	$2.2	$26.0
Work entire previous year (52 weeks)	8.6	$1.6	$18.5

Work entire previous year & at least 1250 hours	7.3	$1.3	$15.5

The first two rows of table 1 contain the same information we reported in the initial paper. Overall, 14.4 million workers live in households that meet the EILB's annual income criteria. Of those 14.4 million people, 8.4 million work full-time. There are other ways, however, to restrict eligibility. For instance, 11.8 million of the 14.4 million workers worked at least 26 weeks of the previous year and 8.6 million worked for the entire 52 weeks of the previous year.

Finally, 7.3 million of the 14.4 million workers both worked the entire previous year and worked at least 1,250 workers in that year. This work experience is like what the Family and Medical Leave Act (FMLA) requires for job protected, unpaid leave, though it is not exactly the same. The FMLA requires that to take job protected leave a worker must be with the same employer for at least one year and in that year worked at least 1,250 hours for their employer. The estimate of 7.3 million workers in table 1 does not consider if the work in the previous year was with a single employer or from multiple jobs. In addition, the FMLA requires that the employer has at least 50 workers for a worker to qualify for job protected leave, which this estimate also does not consider.

Restricting access to the EILB based on recent work history also greatly influences the cost of the program. For instance, we previously found that an EILB without work history requirements would cost anywhere between $2.7 billion and $31.6 billion annually.[1] But, if the EILB required a minimum amount of recent work experience, the cost declines substantially. If only those who worked at least 26 weeks in the year before taking family leave were eligible for the benefit, the cost would decline to a range of $2.2 billion to $26.0 billion annually. And if the benefit were only available to those with FMLA-like experience, the total cost would fall even further, to anywhere between $1.3 billion and $15.5 billion.

It is also important to understand that switching from limiting the program to full-time workers to a restriction based on recent work history is not as simple as adding and subtracting eligible workers. For instance, there are full-time workers who do not meet the FMLA-like work requirements and there are workers who meet the FMLA-like work requirements but are not full-time workers. Thus, there are relatively large groups of workers who would be eligible for the EILB under a full-time work requirement but not under an FMLA-like work requirement, and vice versa. This is illustrated in table 2.

Table 2: Full-Time vs. FMLA-like Work Requirements	
Category	Workers (millions)[2]
(A) Full-time Workers	8.4
(B) Work entire previous year & at least 1250 hours	7.3
A & B	5.8
Only A	2.7
Only B	1.5

This table shows that for either a full-time work requirement (A) or FMLA-like work requirements (B), the same 5.8 million people would be eligible for the benefit (A & B). Under a full-time work requirement (A) an additional 2.7 million workers who work full-time but do not meet the FMLA-like work requirements would be eligible (Only A). But, 1.5 million workers who meet FMLA-like work requirements but are not full-time workers would not qualify (Only B). Likewise, under FMLA-like work requirements (B), 1.5 million workers would qualify who are not full-time eligible (Only B). But, 2.7 million workers who are full-time but do not meet the FMLA-like work requirements would not be eligible (Only A).

CONCLUSION

Incorporating work history requirements into a low-income support program like the EILB could be an effective way to ensure that workers who utilize the benefit remain strongly attached to the labor force. Restricting access to the benefit in this manner has sizable implications for the number of workers who would be eligible and how much it would cost the federal government to provide this type of assistance.

[1] For more information on how we derive these cost estimates, please see our initial report.

[2] Figures may not add to total due to rounding.