

HB 193: Paid Parental Leave

Representative Carolyn Hall

Refresher: Paid Parental Leave

- Currently, the State of Alaska only has the Alaska Family and Medical Leave Act, which provides for unpaid absences for state employees and employers over a certain size.
- Paid parental leave is known to help **improve the health and life outcomes of infants and parents of newborns** and allows for fostering and adoption.
- 2019 National Defense Authorization Act extended paid parental leave to federal employees.
- Alaska is in competition with many states for young and talented workers. **Paid parental leave provides a well known and valuable benefit at low cost and high benefit.**
- **All other states are pursuing these policies. Alaska cannot afford to be left behind.**
- Paid parental leave allows women to re-enter the workforce without being penalized.

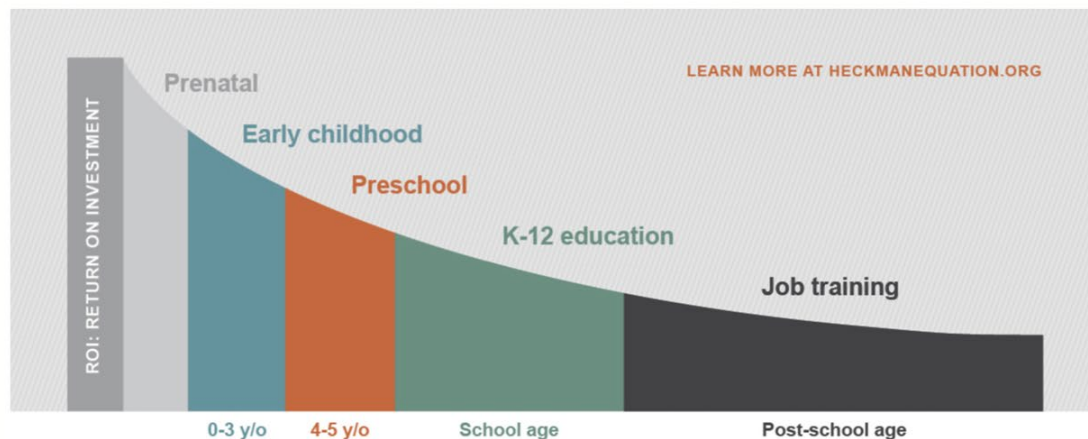
Paid Parental Leave, Explained

23% of mothers in the United States return to work within 10 days of giving birth, almost always due to lack of income.

Experts recommend that mothers need at least 6 weeks to recover from vaginal birth with no complications, 12 weeks for a C-section.

The first step is to invest in kids and families

■ RATE OF RETURN ON INVESTMENT IN HUMAN CAPITAL



The "Heckman Curve" shows that investments have higher rates of return the earlier they are made in a person's life.

Paid parental leave

How it supports parents

- Women who take paid leave have a **51% reduction in the odds of being rehospitalized** within 21 months of giving birth.
- Has positive associations with **reductions in stress** and increase in exercise, both critical for new mothers.
- Mothers with paid leave are **less likely to report postpartum depression**, with some studies showing a 2% reduction in poor mental health with each week of paid leave.
- Can **reduce maternal health disparities** for at risk populations, such as African American and American Indian/Alaska Native mothers.
- Fathers are more likely to report **greater engagement in children's lives**, boosting cognitive and developmental benefits for children.
- **Fathers who take paid leave are more likely to live longer.**

Paid parental leave

How it can support our state

- Most working people in the United States do not have paid leave through their jobs, including about 75 percent of Alaskans, which is **~270,000 workers in our state.**
- Even unpaid leave under the federal Family and Medical Leave Act is **inaccessible for 68 percent of Alaskans.**
- **If women in Alaska participated in the labor force at the same rate as women in countries with paid leave, there would be an estimated 8,000 additional workers in the state and \$313,870,000 more wages earned statewide.**
- Women make up 47% of our total workforce; 28% of business owners are women.
- Paid leave can reduce working women's reliance on public assistance and SNAP by as much as 40% compared to women who do not have this benefit.

Paid parental leave

How it supports businesses

- In states that implemented paid leave such as NY, businesses reported significantly easier time managing long absences.
- Two thirds of businesses report that they managed the absence by temporarily re-assigning work.
- Studies in California found small businesses saw a **14% decrease in per worker labor costs** when workers took paid family leave; the smallest businesses had the greatest percentage based savings.
- In CA, 92% of businesses reported that paid family leave had a positive impact on employee turnover.
- Workers who have access to paid leave are **more likely to return to work** than drop out of the labor pool.
- It helps workers **maintain their salary levels**, meaning over time they earn more and can contribute to households and the economy.

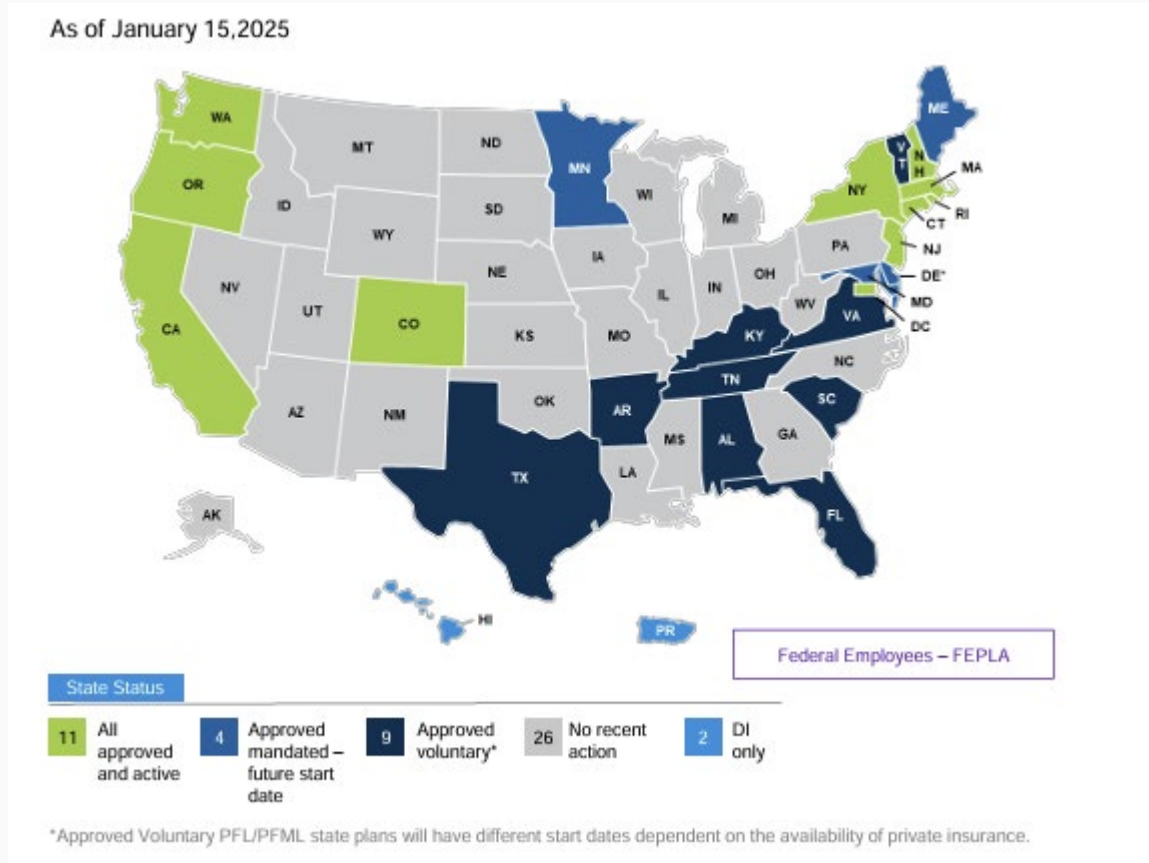
Paid parental leave

How it supports businesses, con't

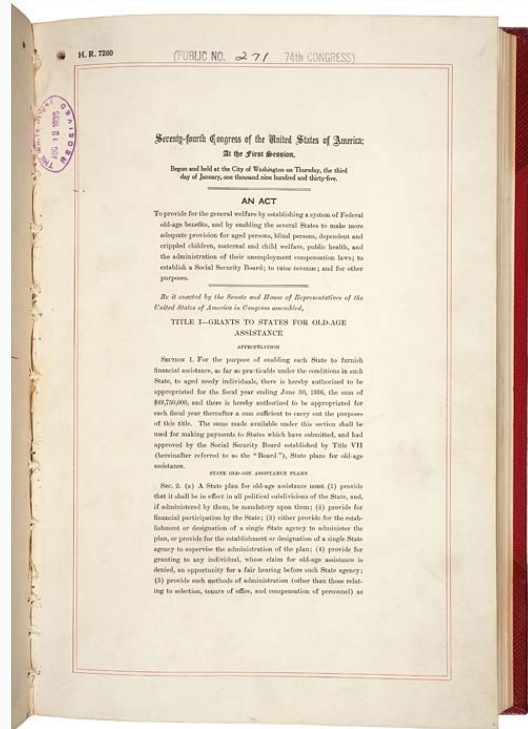
- Turnover at small businesses has been shown to cost approximately 23.5% of that worker's annual wage, and can go as high as 150% as a vacancy goes on. Paid leave can dramatically increase retention of employees.
- Studies have found that firms implementing these policies have greater revenue and profit per full time equivalent employee; technology companies saw a \$2.64 return for every \$1.00 invested. Manufacturers saw a \$2.57 return for every \$1.00.
- A recent study found that workers with paid leave are 22% more likely to recommend their job to a friend who does not have that benefit.
- Further polling found that Generation Z workers identified paid family leave as the number one policy they consider when relocating for work.

What other states are doing:

- With no national policy in place, states are pursuing their own policies.
- HB 193 is one such policy.
- In a competitive labor market, one way for Alaska to affordably attract employees in the public and private sectors would be a paid family leave policy.
- Currently, we only have job protected absence.

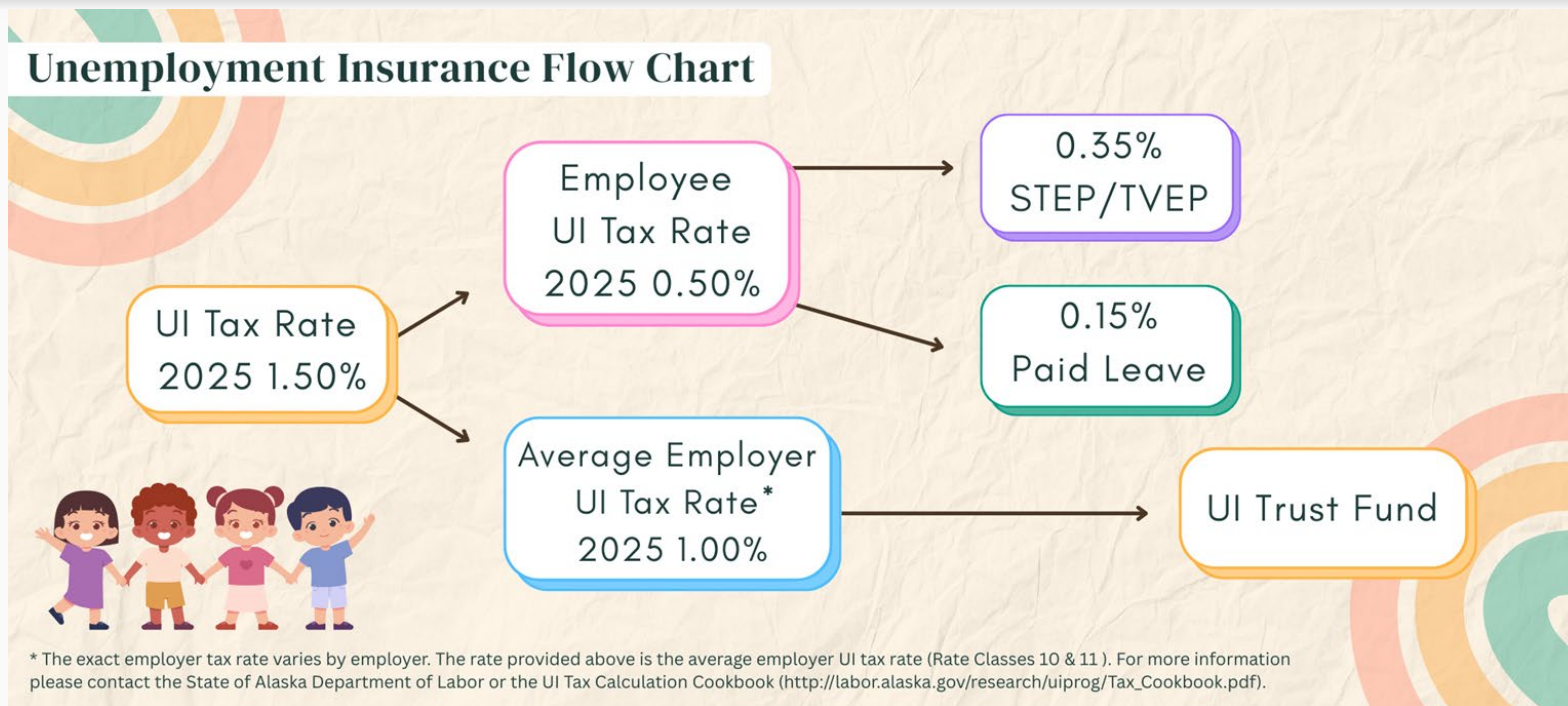


Unemployment Insurance: Model Policy

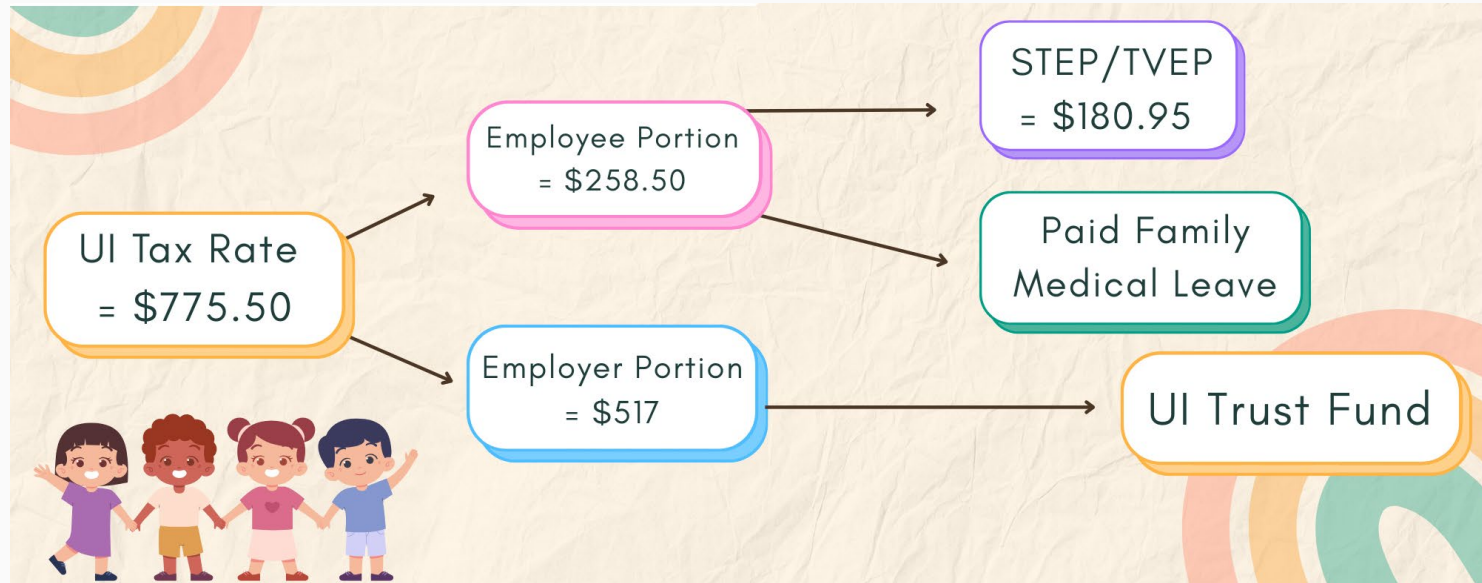


- Unemployment insurance: wage replacement for when you are unemployed and looking for work. Established in 1935 by President Roosevelt in the Social Security Act.
- Another type of wage replacement, such as short term disability is widely available: however, limited application available for family purposes beyond pregnancy complications.
- Public and private employers are familiar with unemployment insurance, payroll processes.
- State of Alaska requires employers to collect this on behalf of employees.
- Employee contribution is unique amongst many states, and can be diverted towards paid parental leave.
- Establishes a separate fund where employee's contribution is held for the collection of a claim.
- HB 193 also adjusts benefits so that an employee's wage replacement is always at least 50% of their earnings in the base period.

UI Parental Leave Model Flowchart



Example: hypothetical employee with the maximum taxable wage of \$51,700



HB 193

In determining the program, the four main factors to consider are:

- Benefit duration
- Benefit amount (% wage replacement)
- Contribution rate
- Eligible uses



Thank you!

Questions?