

HB 193: Paid Parental Leave, Unemployment Insurance Updates

Representative Carolyn Hall
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HB 193: Paid Parental Leave

- **Adjusts Unemployment Insurance (UI) benefit table** to be at least 50% of weekly wages.
- **Creates a Paid Parental Leave Plan (PPL):** covers adoption, fostering, and childbirth, or placement of a child with a legal guardian in a Tribal or state court.
- Gives Department of Labor + Workforce Development (**DOLWD**) **ability to set the PPL duration** between 8 and 26 weeks.
- **Creates accelerated benefit:** participants can use 2x the benefit schedule for half the duration.
- **Tax cut** for employers.
- **None of these changes require UGF.**

HB 193: Other Changes

- Directs DOLWD to conduct actuarial studies on the PPL fund.
- Allows DOLWD to adjust UI wage base & benefit for inflation.
- Adjusts dependent benefit for inflation (\$23 to \$72).
- Increases funding for STEP, TVEP, at the request of DOLWD.
- Increases maximum taxable wage base to \$85k a year, and maximum weekly benefit to \$817/week.

Refresher: Paid Parental Leave

- SOA only has the Alaska Family and Medical Leave Act, providing unpaid absences for state employees and employers over a certain size.
- PPL is known to help **improve the health & life outcomes of infants & parents of newborns** and allows for bonding time with foster and adopted children.
- 2019 National Defense Authorization Act extended PPL to federal employees.
- Alaska is in competition with many states for young, talented workers. **PPL provides a well known & valuable benefit at low cost & high benefit.**
- **All other states are pursuing these policies. Alaska cannot afford to be left behind.**
- PPL allows parents to re-enter the workforce without being penalized.

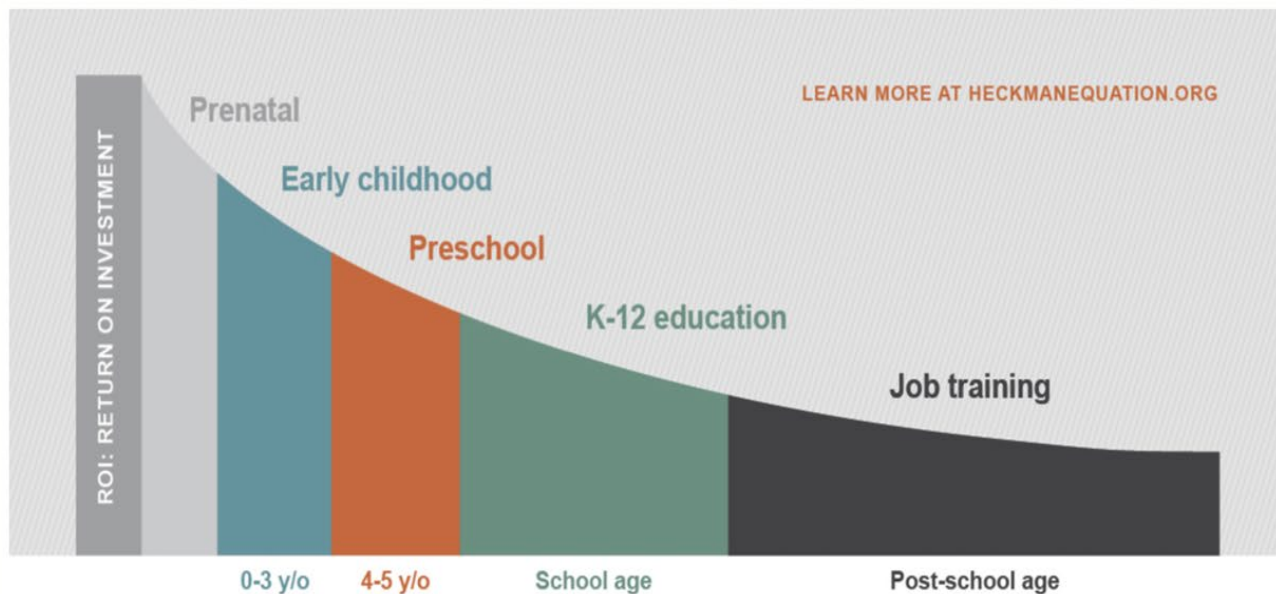
Paid Parental Leave, Explained

23% of mothers in the U.S. 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 & 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.
- Positive associations with **reductions in stress** & 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 Alaska Native & African American mothers.
- Fathers are more likely to report **greater engagement in children's lives**, boosting cognitive & 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 workers in the U.S. do not have paid leave through their jobs – including ~75% of Alaskans, or **~270,000 people.**
- Unpaid leave under the federal Family and Medical Leave Act **is inaccessible for 68% of Alaskans.**
- **If Alaskan women participated in the labor force at the same rate as women in countries with paid leave, there would be ~8,000 additional workers in Alaska & \$313,870,000 more wages earned statewide.**
- Women are 47% of Alaska's workforce; 28% of business owners are women.
- PPL can reduce working women's reliance on public assistance & SNAP by as much as 40% compared to women who do not have this benefit.

Paid Parental Leave

How it supports businesses

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

Paid Parental Leave

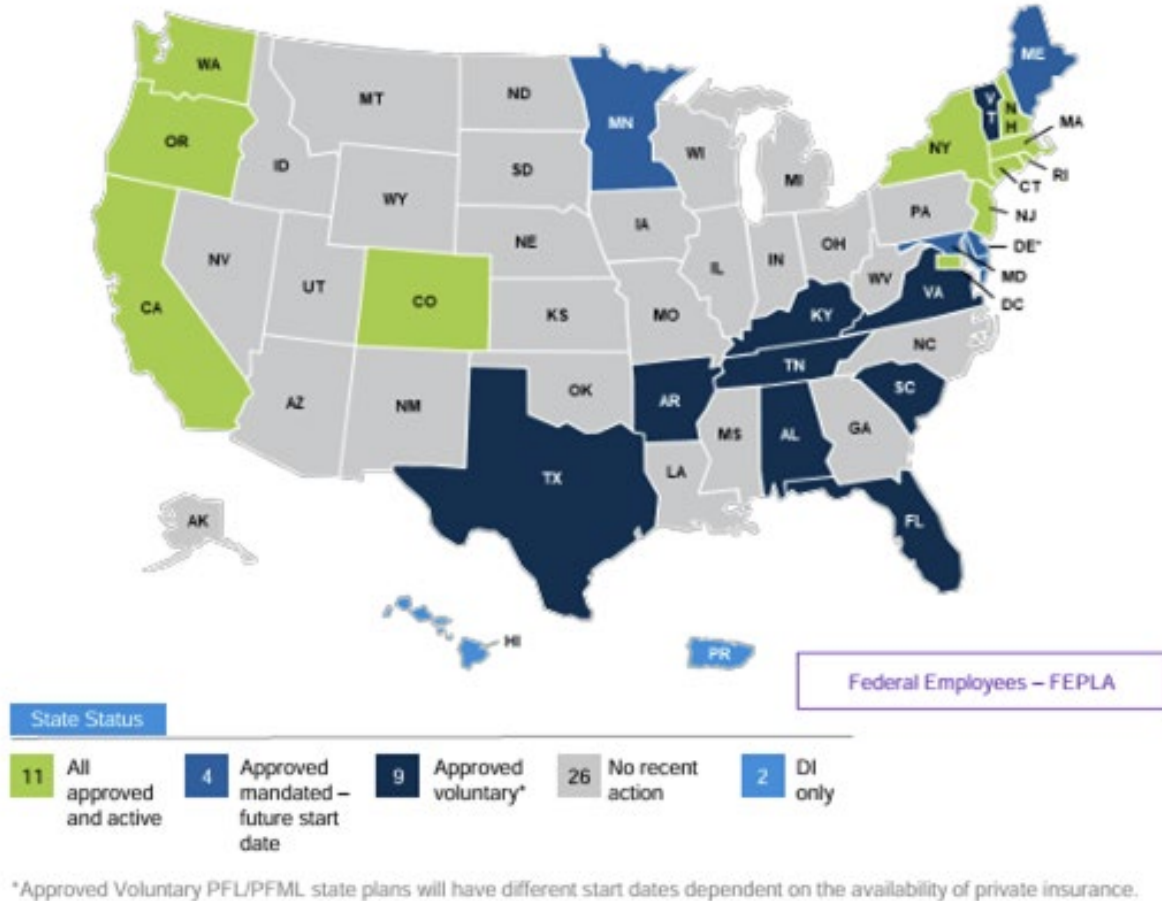
How it
supports
businesses

- Paid leave can dramatically increase employee retention.
- Studies find firms implementing leave policies have greater revenue & profit per full time equivalent employee.
- Recent study found workers with paid leave are 22% more likely to recommend their job to a friend who does not have that benefit.
- Polling finds Generation Z workers identified paid leave as the number one policy they consider when relocating for work.

What Other States are Doing

- Many states are pursuing their own policies.
 - HB 193 is one such policy.
- One way for AK to attract employees in the public & private sectors is a PPL policy.
- Currently, we only have job protected absences.

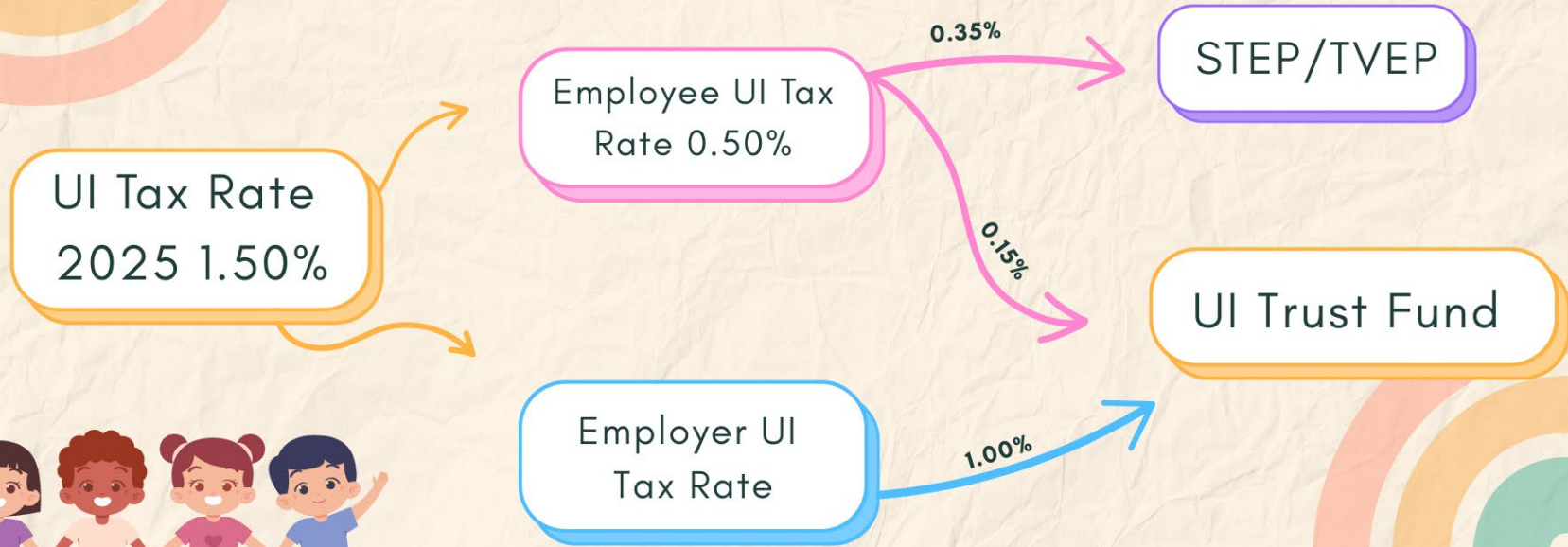
As of January 15, 2025



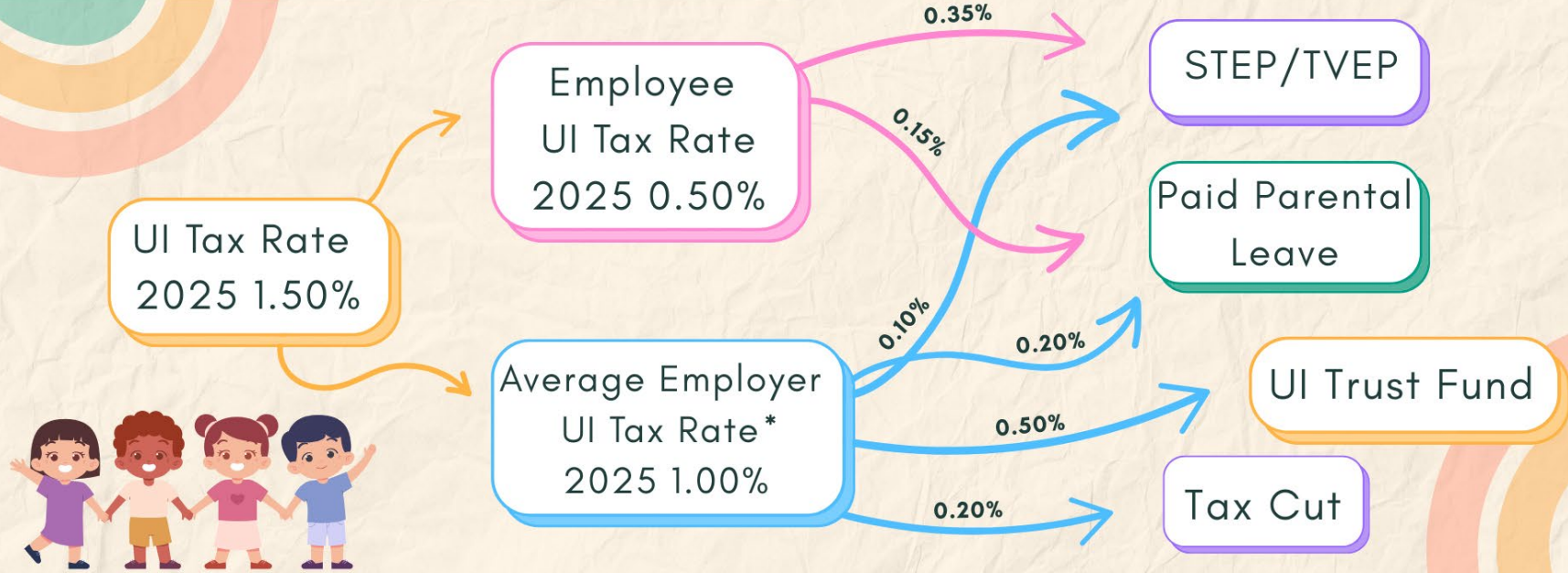
Unemployment Insurance: Model Policy

- Unemployment Insurance: Wage replacement when one is unemployed & looking for work.
- Another type of wage replacement, such as short term disability is widely available.
 - limited application for family purposes beyond pregnancy complications.
- Public & private employers are familiar with unemployment insurance & payroll processes.
- SOA requires employers to collect UI on behalf of employees.
- Alaska's employee contribution is unique: only 3 states have employee contributions.

Current Unemployment Insurance Flowchart



HB193 Paid Parental Leave Flow Chart



* The exact employer tax rate varies by employer. The rate provided above is the average employer UI tax rate (Rate Classes 10 & 11). For more information please contact the State of Alaska Department of Labor or the UI Tax Calculation Cookbook (http://labor.alaska.gov/research/uiprog/Tax_Cookbook.pdf).

Thank you!

Questions?