

HB 100: Paid Family and Medical Leave

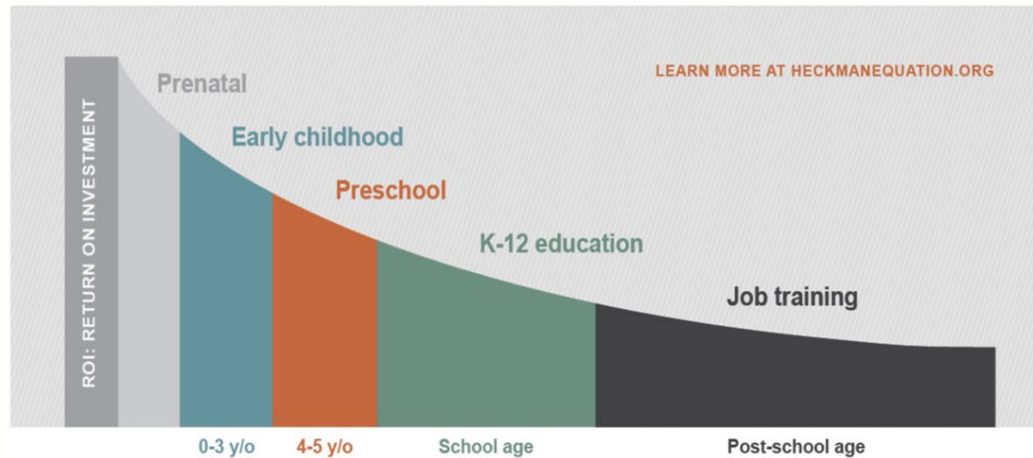
**Alaskan families and our
workforce are in crisis.**

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



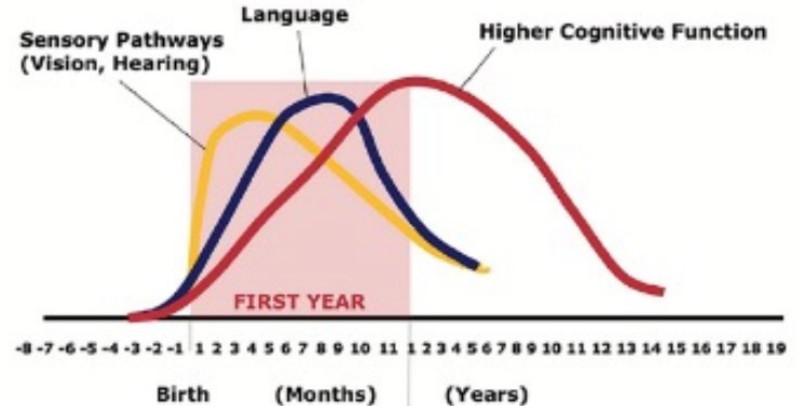
The "Heckman Curve" shows that investments have higher rates of return the earlier they are made in a person's life.

The early years: Formative biological development

- Infants are developing 1 million neurological connections a second.
- Increased social and emotional contact with a caregiver are critical for development.
- 90% of brain development occurs before kindergarten.
- Hunger, neglect, and other factors can impede these connections.

Human Brain Development

Neural Connections for Different Functions Develop Sequentially



Source

History of family leave

- **1993: Family and Medical Leave Act (FMLA) passed**
 - Provides 12 weeks unpaid leave/job placement for employees at qualifying companies and federal employees
 - Did not provide paid benefits
 - 2020 National Defense Authorization Act approves paid FMLA for federal employees.
- The United States is the only high-income country, as classified by the World Bank, that does not have paid maternity leave
- **Alaska Family and Medical Leave Act:** Provides up to 18 weeks unpaid leave and job placement for state employees.

Paid family leave creates healthier families, helps small businesses thrive, and increases recruitment and retention of workers.

Paid family leave

How it supports families

- Mothers **less likely to rely on public assistance** if they are able to take paid family leave.
- Workers are **more likely to maintain their pre-leave wage level** if they stay with the same employer than if they must find a new job. That can raise their long-term earnings.
- In Alaska, a typical worker who takes four weeks of unpaid leave loses nearly \$3,800 in income. As the cost of living rises, **income loss hits families especially hard.**
- Paid family leave helps **reduce the financial burden of illness**, reducing the likelihood that families file for bankruptcy due to medical event.
- These hardships are **directly related to toxic stress and contributing factors to ACES scores.**

Paid family leave

How it supports infants

- Access to paid family leave means that **infants are more likely to get follow up appointments**, checkups and primary care.
- Paid leave is tied to a **reduction in child mortality**: meta studies have shown that 10 full-time equivalent weeks of paid family leave reduce neonatal and infant mortality by 10% and mortality rate of children younger than 5 by 9%.
- Paid leave is **positively associated with infant brain development**; possibly correlating to many weeks of increased beneficial brain activity.
- Paid leave is linked to **increased breastfeeding for infants**, which means that they have reduced risk for infections and other diseases, boosting immunity for many diseases.

Paid family 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 family leave

How it supports businesses

- $\frac{2}{3}$ of businesses report that they managed the absence by temporarily re-assigning work.
- In states that implemented paid leave such as NY, businesses reported significantly easier time managing long absences.
- 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 family leave

How it can help dependents

- Nearly **1 in 3 US households** provides care for an **adult loved one** with serious disability or illness.
- Family caregivers can provide critical care in home, **alleviating need for assisted living or expensive hospice care.**
- In an opioid crisis, it can help **workers get critical care** such as rehab and return to work.
- Paid leave **increases access to preventative care**, which reduces healthcare costs.
- About **71 percent of Alaska nursing homes have a shortage of direct care workers.** Paid leave reduces nursing home utilization and can help recruitment and retention of care workers.

Paid family leave

How it can
support our state

- Most working people in the United States do not have paid family 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 workforce; 28% of that number is business owners.

BILL OVERVIEW

HB 100: Paid Family Leave

- Alaska currently provides 18 weeks of unpaid family leave to qualified employees.
- HB 100 would make it 18 weeks of paid leave to state employees and teachers.
- 100% wage replacement.
- The employer may not require the employee to substitute regular paid leave.

COMING SOON

HB100 Committee Substitute: The New Hampshire Model

- The Committee Substitute will provide paid family leave benefits at no cost to state employees through a competitively bid insurance policy.
- Political subdivisions of the state (school districts, corporations, municipalities) would be able to opt-in.
- The RFP by the state would allow private businesses to purchase/opt in to this plan at the same rate.
- **Insurance products are readily available:** these are treated under short and long term disability policies in other states.
 - Generally, these premiums are affordable and often offered as supplemental coverage.
 - Employers could choose to offer the plan to their employees at no cost, through a payroll deduction.
 - Individuals whose employer opts to not adopt the policy would have the right to purchase their own policy through the provider.

Paid family leave is a win for all

- Nationwide, only 23% of workers have access to paid family leave
- Only 35% of public workers have access to paid family leave
- Lack of paid leave costs US workers \$22 billion/year

HB100: 33-LS0480\B

The Alaska Paid Family Leave Program

December 5, 2023

Refresher: Paid Family Leave

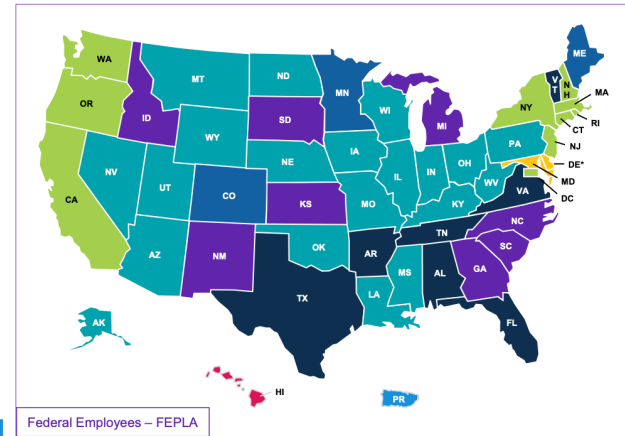
- Currently, the State of Alaska only has the Alaska Family and Medical Leave Act, which provides for job protected absences for state employees and employers over a certain size.
- Paid family leave is known to help **improve the health and life outcomes of infants and parents of newborns** and allows for fostering and adoption.
- Paid family leave can be an important **resource for families to care for elderly relatives or relatives with disabilities.**
- Alaska is in competition with many states for young and talented workers. **Paid family 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 family leave allows women to re-enter the workforce without being penalized.

Nationwide: the state of paid family leave in 2023

- With no national policy in place, all states are pursuing their own policies.
- HB 100 Ver B would make Alaska one of the most competitive states in the country.
- In a competitive labor market and aging population, 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 AFMLA, or job protected absence, for state employees.

The Paid Family and Medical Leave Landscape

As of September 3, 2023 – Every state has discussed proposed PFML legislation (mandates and voluntary programs)



HB100: Version B

Same concept as Ver A, but with a lighter footprint and expanded coverage:

- Paid Family Leave provided to state employees at no cost via an insurance policy.
- Establishes framework for political subdivisions, and private businesses to purchase policies for employees.
 - They have the freedom to determine how much employer versus the employee covers. They also have freedom of choice with length of leave (meaning, a private employer who wants to competitive can offer more than 18 weeks).
- **Would place Alaska as one of the best places to raise or care for a family.**
- The pool becomes larger and thus more affordable.
- Implementation will happen through already familiar processes.

The Alaska Paid Family Leave Plan

- 18 paid leave weeks for State employees.
- 6-18 weeks for employees of political subdivisions (municipalities, school districts, boroughs, and state corporations).
- 6-12 weeks for enrolled employees of a participating private employer.
- 6 weeks for an employee enrolled through the purchasing pool.

All paid leave is equal to 100% of employee's average weekly wage, not to exceed \$3,000 per week.

Building infrastructure for a family-friendly economy

After COVID, the value of paid family leave became apparent.

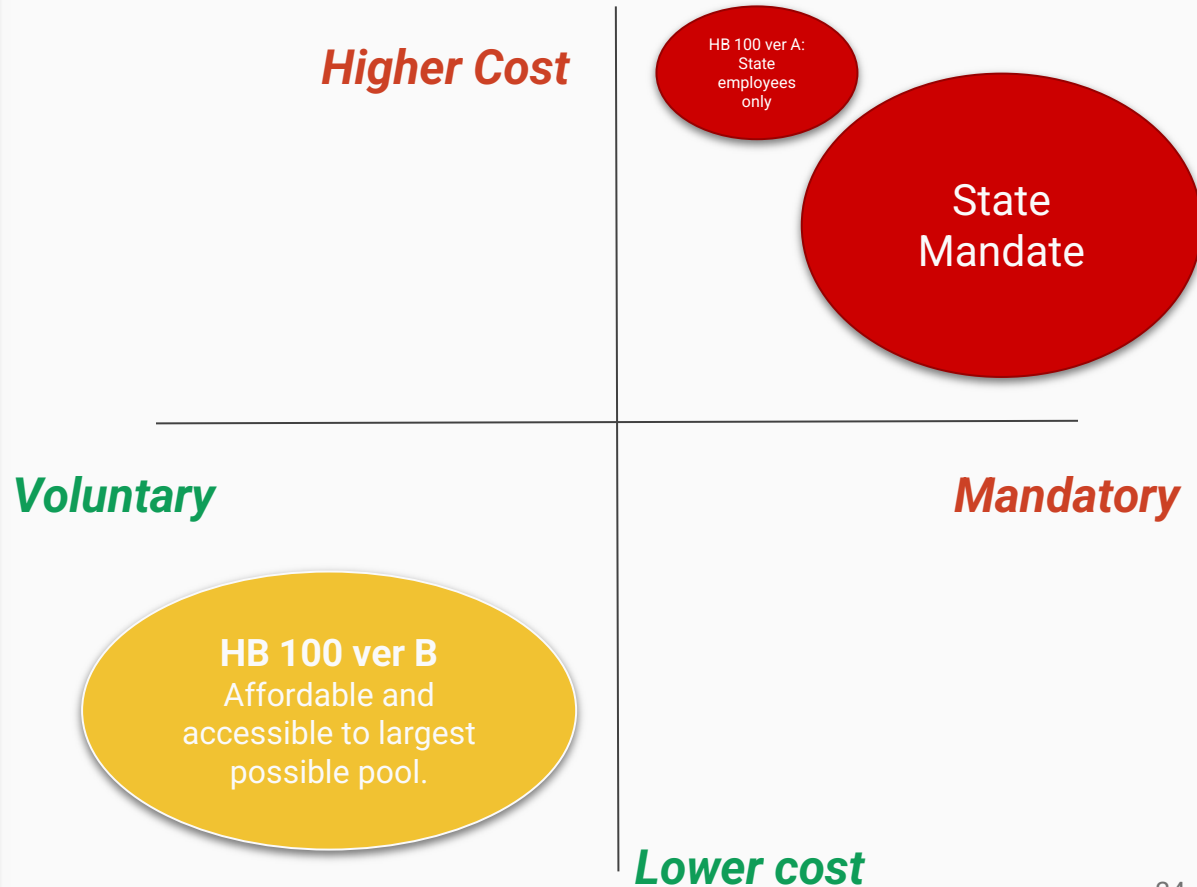
Unlike other insurance markets, paid family leave appears to be one in the midst of expansion and innovation.

- Short term disability is widely available: however, limited application available for family purposes beyond pregnancy complications.
- Public and private employers are familiar with disability insurance, payroll processes.
- There are many providers who know how to provide and administer benefits.
- **Paid family leave for state employees and political subdivisions can encourage and create beneficial competition.**
- HB100 Ver B covers many aspects of starting a family and caring for loved ones. This includes fostering and long-term elder care, two areas that are in a state of crisis in our state.

Cost/Benefit: Paid Family Medical Leave

- PFML Insurance plan is affordable for employers and employees.
- By creating insurance structure, provides potential coverage to more Alaskans.
- Large benefit overall to employee.
- Voluntary, encourages competition.
- Existing infrastructure, process.
- No unfunded mandates.

Cost/Benefit Tradeoffs



Sectional Analysis

- **Section 1:** Establishes Alaska Paid Family Leave Program under AS 23.10.700.
- **Section 2:** This section amends Chapter 39 Public Officers and Employees pay and compensation, for conforming changes under Section 1.
- **Section 3:** This section establishes parameters for the Alaska Paid Family Leave Plan for state employees.
- **Section 4:** This section makes conforming changes to Title 39, Chapter 20 to reflect the ongoing employment of the employee.
- **Section 5:** This section is a conforming change. Because the policy is offered outright to all state employees, the language is a conforming change.
- **Section 6:** These are conforming changes to Chapter 30: Public Officer and Employee Compensation, Allowances and Leave.
- **Section 7:** This section establishes a paid family leave tax credit for eligible taxpayers that provide this benefit.
- **Section 8:** This section provides for a transition date and implementation of the paid family leave plan.

Thank you!

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