

**SENATE BILL NO. 10**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTY-FOURTH LEGISLATURE - FIRST SESSION

**BY SENATOR DUNBAR**

**Introduced: 1/22/25**

**Referred: Labor and Commerce, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to family leave wage replacement coverage."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 \* **Section 1.** AS 23.10 is amended by adding new sections to read:

4 **Article 9. Alaska Paid Family Leave Plan.**

5 **Sec. 23.10.700. Plan procurement and requirements.** (a) The commissioner  
6 of labor and workforce development and the commissioner of administration shall  
7 jointly procure a family leave insurance plan that meets the requirements of  
8 AS 23.10.700 - 23.10.790 and secures family leave wage replacement coverage for

9 (1) qualified state employees at no cost to the employees;

10 (2) enrolled employees of political subdivisions of the state and private  
11 employers who have elected to participate in the plan under AS 23.10.720; and

12 (3) individuals who use the purchasing pool to enroll in the plan under  
13 AS 23.10.730.

14 (b) The procurement of the family leave insurance plan is governed by  
15 AS 36.30 (State Procurement Code).

1 (c) The Department of Labor and Workforce Development and the  
 2 Department of Administration shall jointly evaluate responses to the procurement and  
 3 shall contract with an insurer authorized under AS 21.09 to provide health or disability  
 4 insurance. The insurer shall file the rates and forms for a family leave insurance plan  
 5 with the director of insurance for approval.

6 (d) The commissioner of labor and workforce development and the  
 7 commissioner of administration shall adopt and include in the plan, for employees of  
 8 employers that elect to participate in the plan,

9 (1) the length and time of annual open enrollment periods;

10 (2) enrollment processes for plans with premiums paid

11 (A) entirely by an employer;

12 (B) partially by an employer;

13 (C) entirely by an employee;

14 (3) procedures for payroll deduction and premium payment for  
 15 participating employers with 50 or more employees.

16 (e) The commissioner of labor and workforce development and the  
 17 commissioner of administration shall adopt and include in the plan, for employees  
 18 who enroll in the plan using the purchasing pool under AS 23.10.730, procedures

19 (1) that ensure timely transmission of enrollment and eligibility  
 20 information to the insurer;

21 (2) to collect premiums from enrolled employees and from employers  
 22 with 50 or more employees;

23 (3) specifying how frequently premiums will be transmitted to the  
 24 insurer and how penalties for late payments will be calculated.

25 **Sec. 23.10.710. Plan benefit and eligibility.** (a) A family leave insurance plan  
 26 procured under AS 23.10.700 must provide a participating employee wage  
 27 replacement coverage that equals 100 percent of the employee's average weekly wage,  
 28 up to \$3,000 each week. In this subsection, "average weekly wage" means the average  
 29 wage the employee has earned each week over the shorter of

30 (1) the 52 weeks immediately preceding the period the employee takes  
 31 family leave;

1 (2) the employee's entire current term of employment with the state,  
2 political subdivision of the state, or private employer.

3 (b) A family leave insurance plan may not impose a minimum duration of  
4 family leave for wage replacement coverage. The annual duration of family leave  
5 wage replacement coverage under the plan is

6 (1) the entire period for which family leave is taken by a state  
7 employee under AS 39.20.305 or 39.20.500;

8 (2) not less than six weeks of family leave for an enrolled employee of  
9 a participating political subdivision of the state or of a participating private employer  
10 or for an employee enrolled in a family leave insurance plan through the purchasing  
11 pool.

12 (c) An enrolled employee is eligible for family leave wage replacement if the  
13 employee has been

14 (1) enrolled for at least seven calendar days; and

15 (2) employed by the employer for at least 35 hours a week for at least  
16 six consecutive months or for at least 17.5 hours a week for at least 12 consecutive  
17 months immediately preceding the leave.

18 **Sec. 23.10.720. Participation.** (a) A political subdivision of the state or private  
19 employer may elect to participate in a plan procured under AS 23.10.700. A  
20 participating political subdivision of the state or private employer shall contract  
21 directly with the insurer and may choose

22 (1) the duration under AS 23.10.710(b) for which the enrolled  
23 employees of the political subdivision of the state or the private employer may receive  
24 wage replacement coverage; and

25 (2) whether to provide coverage at no cost to the enrolled employee,  
26 pay a portion of the employee's premium costs, or require the employee to cover the  
27 entire premium.

28 (b) An insurer may not charge a participating political subdivision or private  
29 employer a rate that is more than the rate paid by the state for state employee  
30 coverage. The rate must be expressed as a percentage of employee wages.

31 (c) An employee of a participating political subdivision of the state or private

1 employer may elect to enroll in the plan.

2 (d) A participating political subdivision of the state or private employer shall  
3 pay premiums for an enrolled employee directly to the insurer. The employer may  
4 collect employee contributions, if any, by way of automatic payroll deductions.

5 (e) A participating private employer that employs 50 or more employees

6 (1) shall, during the time an employee is on family leave receiving  
7 wage replacement and paying the costs for maintaining health insurance coverage,  
8 maintain coverage under any group health plan at the level and under the conditions  
9 that coverage would have been provided if the employee had been employed  
10 continuously from the date the leave began to the date the employee returns from  
11 family leave;

12 (2) shall, unless the employer's business circumstances have changed  
13 to make it impossible or unreasonable when a participating employee returns from  
14 family leave, restore the employee to

15 (A) the position of employment held by the employee when the  
16 leave began; or

17 (B) a substantially similar position with substantially similar  
18 benefits, pay, and other terms and conditions of employment;

19 (3) may not discriminate or retaliate against an employee for taking  
20 family leave and receiving wage replacement benefits.

21 (f) A participating political subdivision of the state and a private employer that  
22 employs fewer than 50 employees may collect and transmit premiums directly to the  
23 insurer or to the purchasing pool premium account under AS 23.10.730(d). The  
24 employer may collect employee contributions, if any, by way of automatic payroll  
25 deductions.

26 **Sec. 23.10.730. Purchasing pool.** (a) The family leave insurance plan  
27 purchasing pool is established as an account in the general fund. The insurer shall  
28 participate in the purchasing pool.

29 (b) An employee of a political subdivision of the state or of a private employer  
30 that does not participate in a family leave insurance plan and does not offer a family  
31 leave insurance benefit that is at least equivalent to the coverage provided under

1 AS 23.10.710 may use the purchasing pool to enroll in a family leave insurance plan.

2 (c) The pool may be experience rated. Coverage through the pool must include  
3 a seven-month waiting period, a one-week elimination period, and a 60-day annual  
4 open enrollment period as established by the commissioner in the procurement  
5 process. Premiums for purchasing pool coverage may not exceed \$5 for each enrolled  
6 employee each week.

7 (d) A political subdivision of the state or a private employer that employs 50  
8 or more employees shall collect premiums for an employee using the purchasing pool  
9 by way of automatic payroll deductions and transfer the premiums directly to the  
10 insurer. An employee of a political subdivision of the state or of a private employer  
11 that employs fewer than 50 employees may pay premiums directly to the purchasing  
12 pool.

13 (e) The commissioner of administration shall separately account for  
14 purchasing pool premium payments received by the department and for payment of  
15 premiums to an insurer participating in a family leave insurance plan in a purchasing  
16 pool premium account.

17 **Sec. 23.10.740. Purchasing pool premium stabilization account.** (a) The  
18 commissioner of administration shall separately account for

19 (1) premium taxes imposed on family leave insurance premiums  
20 written by the insurer under AS 21.09.210;

21 (2) appropriations made for purchasing pool stabilization; and

22 (3) gifts, grants, and donations made for the purpose of stabilizing the  
23 purchasing pool.

24 (b) The legislature may appropriate money from the account to the purchasing  
25 pool to ensure that the premiums charged to participants in the purchasing pool remain  
26 stable from year to year and do not exceed \$5 for each enrolled employee each week.

27 **Sec. 23.10.750. Family leave insurance advisory board.** (a) The family leave  
28 insurance advisory board is established in the Department of Administration to support  
29 the commissioner of administration with implementing and administering family leave  
30 insurance plans.

31 (b) The advisory board is composed of seven members appointed by the

1 governor as follows:

2 (1) three members who represent employers;

3 (2) three members who represent employees;

4 (3) one member, who shall serve as chair, who is qualified, through  
5 training and experience, to resolve problems of family leave insurance procurement,  
6 eligibility, benefit design, and program administration.

7 (c) The advisory board shall meet at least quarterly.

8 **Sec. 23.10.760. Bargaining.** Notwithstanding any provision of AS 23.40.070 -  
9 23.40.260 to the contrary, if an agreement between an employer subject to  
10 AS 23.40.070 - 23.40.260 and an employee bargaining organization does not contain  
11 provisions at least as beneficial to the employee as the provisions provided by  
12 AS 23.10.700 - 23.10.790, the provisions of AS 23.10.700 - 23.10.790 apply.

13 **Sec. 23.10.770. Report and outreach.** (a) The Department of Labor and  
14 Workforce Development, in conjunction with the Department of Administration, shall  
15 prepare and submit to the senate secretary and chief clerk of the house of  
16 representatives by January 15 of each year a report on family leave insurance plans.  
17 The Department of Labor and Workforce Development and the Department of  
18 Administration shall include in the report a description of progress in increasing the  
19 rate of family leave insurance coverage of employees in the state, and  
20 recommendations to further increase the rate of coverage.

21 (b) The Department of Labor and Workforce Development, in conjunction  
22 with the Department of Administration, shall develop an outreach program to educate  
23 employers and employees about the potential benefits of participating in a family  
24 leave insurance plan, including benefit structures and qualifying for the family leave  
25 insurance tax credit under AS 43.20.075.

26 **Sec. 23.10.780. Regulations.** The commissioner of labor and workforce  
27 development and the commissioner of administration may adopt regulations to  
28 implement AS 23.10.700 - 23.10.790.

29 **Sec. 23.10.790. Definitions.** In AS 23.10.700 - 23.10.790,

30 (1) "child" means an individual who is

31 (A) under 18 years of age; or

1 (B) 18 years of age or older and incapable of self-care because  
2 of mental or physical disability;

3 (2) "family leave" means leave taken

4 (A) because of pregnancy and the birth of a child of the  
5 employee or the placement of a child, other than the employee's stepchild, with  
6 the employee for adoption or foster care;

7 (B) in order to care for the employee's child, spouse, or parent  
8 who has a serious health condition; in this subparagraph, "child" includes the  
9 employee's biological, adopted, or foster child, stepchild, or legal ward; and

10 (C) because of the employee's own serious health condition;

11 (3) "insurer" means a person engaged as indemnitor, surety, or  
12 contractor in the business of entering into contracts of insurance or of annuity that has  
13 contracted with the commissioner of labor and workforce development and the  
14 commissioner of administration under AS 23.10.700;

15 (4) "parent" means a biological or adoptive parent, a parent-in-law, or  
16 a stepparent;

17 (5) "serious health condition" means an illness, injury, impairment, or  
18 physical or mental condition that involves

19 (A) inpatient care in a hospital, hospice, or residential health  
20 care facility; or

21 (B) continuing treatment or continuing supervision by a health  
22 care provider;

23 (6) "state" includes the executive, legislative, and judicial branches of  
24 state government, the University of Alaska, the Alaska Railroad Corporation, and  
25 public corporations and authorities established by law.

26 \* **Sec. 2.** AS 39.20.305(a) is amended to read:

27 (a) An officer or employee of the state who is otherwise qualified to take leave  
28 of absence may take family leave **paid through the family leave insurance policy**  
29 **implemented under AS 23.10.700 - 23.10.790** because of a serious health condition  
30 for a total of 18 workweeks during any 24-month period. An otherwise qualified  
31 officer or employee may take family leave because of pregnancy and childbirth, [OR]

1 adoption, or foster care for a total of 18 workweeks within a 12-month period; the  
 2 right to take leave for this reason expires on the date one year after the birth or  
 3 placement of the child. The state may not require the employee to substitute  
 4 accrued paid leave to which the employee is entitled [AN OFFICER OR  
 5 EMPLOYEE TAKING LEAVE UNDER THIS SECTION SHALL USE ACCRUED  
 6 PAID LEAVE UNTIL THE OFFICER OR EMPLOYEE HAS ONLY FIVE DAYS  
 7 OF PAID LEAVE REMAINING. THE OFFICER OR EMPLOYEE MAY CHOOSE  
 8 WHETHER TO RETAIN A BALANCE OF FIVE DAYS OF PAID LEAVE AND  
 9 TAKE THE REMAINING LEAVE AS UNPAID LEAVE OR WHETHER TO  
 10 EXHAUST THE PAID LEAVE BALANCE. AFTER REDUCING ACCRUED PAID  
 11 LEAVE AS REQUIRED BY THIS SUBSECTION, THE OFFICER OR EMPLOYEE  
 12 MAY TAKE LEAVE WITHOUT PAY FOR THE BALANCE OF THE FAMILY  
 13 LEAVE]. If the employee is entitled to a longer period of time under AS 39.20.500,  
 14 then the longer period applies. An eligible employee is entitled to take family leave

15 (1) because of pregnancy and the birth of a child of the employee or  
 16 the placement of a child, other than the employee's stepchild, with the employee for  
 17 adoption or foster care; the department or agency may require that an employee using  
 18 family leave under this paragraph take the leave in a single block of time;

19 (2) in order to care for the employee's child, spouse, or parent who has  
 20 a serious health condition; in this paragraph, "child" includes the employee's  
 21 biological, adopted, or foster child, stepchild, or legal ward; and

22 (3) because of the employee's own serious health condition.

23 \* **Sec. 3.** AS 39.20.500(b) is amended to read:

24 (b) An employee is eligible to take family leave if the employee has been  
 25 employed by the employer for at least 35 hours a week for at least six consecutive  
 26 months or for at least 17 1/2 hours a week for at least 12 consecutive months  
 27 immediately preceding the leave. The leave for a state employee must [MAY] be  
 28 [UNPAID] leave paid through family leave insurance policy implemented under  
 29 AS 23.10.700 - 23.10.790. The leave for an employee of a political subdivision of  
 30 the state may be unpaid leave. However, the political subdivision employee may  
 31 choose to substitute accrued paid leave to which the employee is entitled. The

1 **state or the political subdivision** [. HOWEVER, THE EMPLOYER MAY CHOOSE  
 2 TO SUBSTITUTE, OR THE EMPLOYER] may **not** require the employee to  
 3 substitute [,] accrued paid leave to which the employee is entitled. An employer shall  
 4 permit an eligible employee to take family leave because of a serious health condition  
 5 for a total of 18 workweeks during any 24-month period. An employer shall permit an  
 6 eligible employee to take family leave because of pregnancy and childbirth, [OR]  
 7 adoption, **or foster care** for a total of 18 workweeks within a 12-month period; the  
 8 right to take leave for this reason expires on the date one year after the birth or  
 9 placement of the child. If the employee is entitled to a longer period of time under (a)  
 10 of this section, then the longer period applies. An eligible employee is entitled to take  
 11 family leave

12 (1) because of pregnancy and the birth of a child of the employee or  
 13 the placement of a child, other than the employee's stepchild, with the employee for  
 14 adoption **or foster care**; an employer may require that an employee using family leave  
 15 under this paragraph take the leave in a single block of time;

16 (2) in order to care for the employee's child, spouse, or parent who has  
 17 a serious health condition; in this paragraph, "child" includes the employee's  
 18 biological, adopted, or foster child, stepchild, or legal ward; and

19 (3) because of the employee's own serious health condition.

20 \* **Sec. 4.** AS 39.20.500(d) is amended to read:

21 (d) During the time that an employee is on leave under this section, the  
 22 employer shall maintain coverage under any group health plan at the level and under  
 23 the conditions that coverage would have been provided if the employee had been  
 24 employed continuously from the date the leave began to the date the employee returns  
 25 from leave under (e) of this section. [HOWEVER, THE EMPLOYER MAY  
 26 REQUIRE THAT THE EMPLOYEE PAY ALL OR PART OF THE COSTS FOR  
 27 MAINTAINING HEALTH INSURANCE COVERAGE DURING A PERIOD OF  
 28 UNPAID LEAVE.]

29 \* **Sec. 5.** AS 39.20.500(f) is amended to read:

30 (f) This section does not apply to **a political subdivision of the state's** [AN  
 31 EMPLOYER'S] small employment facility if the total number of employees employed

1 within 50 road miles of the small employment facility, including those employed at  
2 the facility, was fewer than 21 during the 20 consecutive workweeks in which the  
3 **political subdivision of the state** [EMPLOYER] employed at least 21 employees at  
4 all business facilities.

5 \* **Sec. 6.** AS 43.20 is amended by adding a new section to read:

6 **Sec. 43.20.075. Family leave insurance tax credit.** A taxpayer that pays for  
7 family leave insurance coverage for the taxpayer's employees under AS 23.10.720 is  
8 allowed a credit against the taxes due under this chapter for an amount equal to 50  
9 percent of the family leave insurance premium paid by the taxpayer for the year in  
10 which the premium is paid.

11 \* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to  
12 read:

13 TRANSITION. The procurement for family leave insurance coverage, described in  
14 sec. 1 of this Act, shall be issued not later than March 31, 2026. A family leave insurance plan  
15 shall be in place for state government employees and available for purchase by political  
16 subdivisions of the state and private employers with more than 50 employees by January 1,  
17 2027. The purchasing pool shall be operational and coverage available for purchase not later  
18 than January 1, 2027.