Local Government Mandate Statement Kentucky Legislative Research Commission 2019 Regular Session

Part I: Measure Information

Bill Request #: 166	5		
Bill #: HB 48			
Document ID #: 25	53		
Bill Subject/Title:	AN ACT relating to empleave.	ployment provisions for e	mployees on maternity
Sponsor: Representative McKenzie Cantrell			
Unit of Government:		X Consolidated Local	X Urban-County Unified Local X Government
Office(s) Impacted: All local governments with 50 or more employees			
Requirement: X Mandatory Optional			
Effect on Powers & Duties: X	Modifies Existing	Adds New I	Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 48 would create a new section of KRS Chapter 337 to establish that an employer with 50 or more employees shall provide 6 weeks of paid leave for an employee who gives birth to a child, if the employee has been employed by the employer for at least 1 year.

The Kentucky League of Cities (KLC) reports requiring paid maternity leave would have a minimal to moderate negative fiscal impact on Kentucky cities with 50 or more employees. In the 2017-2018 fiscal year there were approximately 51 cities in Kentucky with 50 or more employees. KLC estimates approximately 35-40 percent of city employees are women. The number or percentage of female employees who are of childbearing age in any given year is unknown. These 51 cities provide paid accrued vacation, sick, and (some) personal leave but not maternity leave. KLC reports that the median leave time accrued for an employee in year 5 of service is 80 vacation hours and 96 sick hours, for a total of 176 hours, or 4.4 weeks (based on a 40-hour workweek).

Employees of cities with more than 50 employees may also be covered under the federal Family and Medical Leave Act (FMLA), which provides up to 12 weeks **unpaid** leave for birth of a child. Kentucky cities require the employee use accrued leave simultaneously with FMLA leave. Once accrued paid leave runs out the employee has the option of taking the rest of the 12 weeks as FMLA leave without pay, or returning to work.

HB 48 is unclear whether it would require an employer who provides paid accrued leave to provide an additional 6 weeks paid maternity leave, or a total of 6 weeks paid maternity leave, including whatever leave the employee has accrued. If an additional 6 weeks, the city would be obligated to pay for the hypothetical 4.4 weeks of accrued leave plus an additional 6 weeks of paid leave, for a total of 10.4 weeks paid leave. An employee making \$30,000 a year would be paid approximately \$3,500 for 6 weeks of maternity leave, not counting payments into retirement, Social Security, etc. on behalf of the employee. If the bill requires a total of 6 weeks paid maternity leave an employer would be responsible for paying only the difference, if any, between the paid leave the employee had accrued and the 6 week maximum. Of course, these are amounts already budgeted for the employee's salary so would not represent an additional cost. Additional cost could be incurred if the employer hires a temporary replacement for the employee, or must pay for overtime earned by co-workers covering the duties of the employee on maternity leave. Most research and anecdotal evidence indicates that local government employers do not typically hire temporary workers when employees are on leave, but rather assign their work to other employees or otherwise "make do" while temporarily less than fully staffed.

A compilation of research demonstrates that paid maternity leave has a positive fiscal impact on employers. The research indicates that paid maternity leave increases the likelihood that workers will return to work after childbirth, improves employee morale, has no effect or a positive effect on workplace productivity, and reduces costs to employers due to better employee retention. It may also reduce government spending on public assistance and increase labor force participation, resulting in economic gains that generate a larger tax base and increased consumer spending. The cities to which the bill would apply that have statutory authority to impose an occupational license tax may see an increase in tax collections since women employees on maternity leave would be receiving a paycheck rather than being on leave without pay.

HB 48 could require local governments incur costs to publish, hold hearings on, pass and print new personnel ordinances.

Part III: Differences to Local Government Mandate Statement from Prior Versions

The Part II section above pertains to the bill as drafted and there are not any prior versions of the bill to complete the Part III section.

Data Source(s): Missoula County Montana human resources; Kentucky Department for

Public Health; Kentucky League of Cities

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 12/28/18