

HB 176 is unclear whether it would require an employer who provides paid accrued leave to provide an additional 12 weeks paid parental leave, or a total of 12 weeks paid parental leave, including whatever leave the employee has accrued.

Employee wages and benefits are amounts already budgeted so providing paid leave would not represent an additional cost to local government employers. Additional cost could be incurred if the employer hires temporary replacement for the employee, or must pay for overtime earned by co-workers covering the duties of the employee on parental 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. In addition, approximately 60% of cities with 50 or more employees allow their employees to earn compensatory time for overtime worked, rather than paying them overtime wages.

Requiring paternity leave as well as maternity leave would increase the number of employees eligible to take such leave and would likely result in an increase in, either, the number of temporary workers hired by local government employers, the amount of compensatory time earned, or the amount paid in overtime. In addition, since jobs performed typically by male workers (for example police officers, other emergency personnel, management positions) on average are paid more than female workers, hiring temporary workers to replace male workers on parental leave could cost employers more than hiring temporary workers to replace female workers. For the same reason, overtime paid to male workers covering duties of employees on parental leave could be higher than overtime paid to female workers doing so.

HB 176 refers simply to “employees,” making no distinction between full-time and part-time, or temporary and permanent employees. Part-time employees do not receive paid leave benefits, but they might qualify for paid parental leave under this bill. Although the bill requires employment of longer than one year, it does not say continuous employment.

Research indicates that paid parental 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 HB 176 would apply that have statutory authority to impose an occupational license tax may see an increase in tax collections since women employees on parental leave would be receiving a paycheck rather than being on leave without pay (this local mandate analysis is assuming that new fathers who receive no paid parental leave benefit would not take unpaid leave to be home with a new child so would have no effect on city occupational taxes).

HB 176 could result in local governments incurring costs to publish, hold hearings on, pass and print new personnel ordinances.

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

Part II, above, pertains to the bill as introduced

Data Source(s): Missoula County Montana human resources; Kentucky Department for Public Health; Kentucky League of Cities

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