



While employee wages and benefits amounts are already budgeted, therefore any additional costs could be incurred if the employer hires temporary replacement for the employee that is on maternity or paternity leave, 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.

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 33 would apply that have statutory authority to impose an occupational license tax may see an increase in tax collections since employees on parental leave would be receiving a paycheck rather than being on leave without pay.

HB 33 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.

HB 33 could result in local governments incurring costs to publish, hold hearings on, and print new personnel ordinances. According to Kentucky League of Cities, most cities, especially the smaller ones, retain their city attorney on contract and pay on an hourly basis. Time spent drafting an ordinance is influenced by its complexity and the amount of research that is necessary. In FY 2020, the average hourly rate was \$107. Therefore, these costs are unknown in regards to updating personnel ordinances; however cities are required to update ordinances every 5 years, so this update might be completed during that time frame.

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

Part II applies to HB 33 as introduced.

**Data Source(s):** Kentucky League of Cities; LRC Staff

**Preparer:** Mary Stephens      **Reviewer:** KHC      **Date:** 1/11/21