Paid Parental and Family Leave in the United States

By
Elizabeth Raczkowski,
Fiscal Analyst

September 2021
THE SENATE FISCAL AGENCY

The Senate Fiscal Agency is governed by a board of five members, including the majority and minority leaders of the Senate, the Chairperson of the Appropriations Committee of the Senate, and two other members of the Appropriations Committee of the Senate appointed by the Chairperson of the Appropriations Committee with the concurrence of the Majority Leader of the Senate, one from the minority party.

The purpose of the Agency, as defined by statute, is to be of service to the Senate Appropriations Committee and other members of the Senate. In accordance with this charge the Agency strives to achieve the following objectives:

1. To provide technical, analytical, and preparatory support for all appropriations bills.
2. To provide written analyses of all Senate bills, House bills and Administrative Rules considered by the Senate.
3. To review and evaluate proposed and existing State programs and services.
4. To provide economic and revenue analysis and forecasting.
5. To review and evaluate the impact of Federal budget decisions on the State.
6. To review and evaluate State issuance of long-term and short-term debt.
7. To review and evaluate the State's compliance with constitutional and statutory fiscal requirements.
8. To prepare special reports on fiscal issues as they arise and at the request of members of the Senate.

The Agency is located on the 8th floor of the Victor Office Center. The Agency is an equal opportunity employer.

Christopher Harkins, Director
Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536
Telephone (517) 373-2768
www.senate.michigan.gov/sfa
ACKNOWLEDGMENTS

The author wishes to express her appreciation to Nicole Fettes, Unit Assistant of the Senate Fiscal Agency, for her assistance in finalizing this report.
INTRODUCTION ................................................................................................................................. 1
DEFINITION AND SCOPE .................................................................................................................... 1
DEBATE SURROUNDING PAID PARENTAL LEAVE POLICIES ........................................................ 2
  Arguments for Paid Leave .................................................................................................................. 2
  Arguments Against Paid Leave ....................................................................................................... 3
PARENTAL LEAVE IN THE UNITED STATES ................................................................................... 4
  Family and Medical Leave Act ....................................................................................................... 4
  Temporary Disability Insurance ..................................................................................................... 5
  Leave for Federal Employees ......................................................................................................... 5
PROPOSED NATIONAL LEGISLATION ............................................................................................... 5
  Healthy Families Act ....................................................................................................................... 5
  FAMILY Act .................................................................................................................................... 5
  CRADLE Act .................................................................................................................................... 6
THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT .............................................................. 6
STATE EMPLOYEE LEAVE PROGRAMS ............................................................................................. 7
  California ........................................................................................................................................ 7
  New Jersey ...................................................................................................................................... 7
  Massachusetts ................................................................................................................................. 7
  Washington State ........................................................................................................................... 8
  New York ........................................................................................................................................ 8
  Washington D.C. ............................................................................................................................ 8
DETAILS OF RECENT MICHIGAN PROPOSAL .................................................................................. 8
CONCLUSION ....................................................................................................................................... 9
INTRODUCTION

The United States is one of only five countries in the world that does not legally guarantee paid maternity leave. It also does not guarantee individuals unpaid parental leave, although many workers have access to unpaid leave through the Federal Family and Medical Leave Act (FMLA). The absence of a national standard regarding compensation and time off for working parents particularly sets the US apart from other Organisation for Economic Co-operation and Development (OECD) member countries, all of which offer a minimum of 12 weeks of paid maternity leave and often extend leave benefits to fathers. Nevertheless, many Americans can take paid parental leave through individual employer policies or state-run programs. The availability of these benefits is highly dependent upon job classification and income level.

Although Michigan requires certain employers to offer paid family medical leave under Public Act 369 of 2018, it does not require paid or unpaid parental leave to be provided by either private or public employers. Under the Act, eligible employees may take time off work to care for a child whose school or usual care provider is unavailable because of a public health emergency, such as the COVID-19 pandemic. However, the law does not make allowance for paternal leave related to the birth or adoption of a child.

Governor Gretchen Whitmer’s Fiscal Year (FY) 2020-21 Executive Budget Recommendation included a proposal to provide employees of the State of Michigan with up to 12 weeks of paid parental leave. Designed to begin in October 2020, the proposal included a request for an appropriation of $10.0 million General Fund/General Purpose dollars to the Department of Technology, Management, and Budget to manage the initial phases of the program, with the expectation that future funding would be directly appropriated to individual departments. The proposed funding was not included in the initial FY 2020-21 budget. While unimplemented, the original proposal allows for comparisons to other states’ programs, and the question of paid parental or family leave likely will be a topic of discussion in future budget cycles.

While this proposal would have applied only to State employees, paid parental leave across industries has attracted increased public support at the national level. In particular, the challenges of the COVID-19 pandemic have resulted in private sector companies increasing access to paid sick leave and, in some cases, family leave. This article provides an overview of paid parental leave as a policy issue in the United States, examines the FY 2020-21 Michigan proposal, and highlights the structure of several state-run paid leave programs.

Definition and Scope

Paid parental leave is a compensated period of absence from one’s employment taken to care for and bond with a new child. It may be used following a birth, an adoption, or the sheltering of a child through foster care. Compensation may be a set amount or calculated as a percentage of the employee's wages. Many programs that permit parental leave also allow employees to use the available time for health-related family issues. Parental leave as a specific policy differs from general family leave in that it cannot be used to obtain time off work for a family health emergency or to care for oneself or an ailing family member. This paper focuses on parental leave, but as family and parental leave programs occasionally coincide, both topics are discussed.

Employers that permit leave for child care or bonding purposes may offer birth mothers more leave than birth fathers, but only if the additional time is provided in consideration of medical recovery related to pregnancy or childbirth. Leave granted for the care of a new child, apart from health or medical needs, must be made equally available to both sexes.
In March 2019, the Bureau of Labor Statistics reported that 22% of state government workers nationwide had access to paid family leave (though not necessarily parental leave), while 98% had access to unpaid family leave. Figures for private industry indicated that about 18% of those workers had access to paid leave and 88% had access to unpaid leave.\textsuperscript{vi} As reported by the Congressional Research Service, access to paid family leave is concentrated among full-time and higher wage workers in jobs, which are classified as professional or technical.\textsuperscript{vi}

**Debate Surrounding Paid Parental Leave Policies**

Advocates of government-expanded paid parental leave argue that it would have a beneficial effect on individuals and families. Some cite studies that suggest that leave also improves workforce participation and worker productivity. Opponents argue that the decision to participate in these programs is best left to the private sector, and that government-run or mandated paid leave imposes an unfair burden upon businesses and workers. Others express concern because of studies that have shown negative outcomes for women’s career trajectories and lower wage rates associated with use of parental leave.

**Arguments for Paid Leave**

According to the Pew Research Center, households in which both partners work full-time now represent about half of all two-parent households in the United States. The percentage of children who live with only one parent also has risen over the last several decades. The number of children who live with only their mothers multiplied almost three-fold between 1960 and 2016, while the number who live with only their fathers has quadrupled from one to four percent over the same period, according to the US Census Bureau. These trends pose a challenge for working families, as childcare costs have increased significantly in recent years.\textsuperscript{vii} Despite the availability of unpaid leave to many US workers through the FMLA, multiple studies have found that eligible employees often do not use these benefits because of financial concerns.\textsuperscript{viii}

Advocates of expanded paid parental leave argue that these circumstances, along with reduced wage growth, have worsened financial and social pressures that can have negative health, social, and financial effects on individuals and families.\textsuperscript{ix} Paid leave is suggested as a means of lessening some of these burdens by allowing parents time to bond with and care for a new child without risking financial insecurity.

Initial bonding between parents and children is important to early neurological development and can influence the long-term emotional health and relationship-building capacity of the children in question.\textsuperscript{x} While some benefits of bonding can be scientifically measured and are widely accepted by physicians and psychologists, others are difficult to quantify but nevertheless often form a central part of advocates’ arguments. These normative arguments should be understood as significant factors in the pro-leave argument.

Multiple organizations that advocate for the expansion of paid parental leave cite research that suggests it would improve employee retention and protect wage earning levels, particularly for women.\textsuperscript{x} Most studies of paid parental leave programs indeed have found a positive or neutral effect on wages and employment, but there are exceptions that indicate that leave may have short- and long-term negative consequences on women’s earning power and career trajectories. As noted in a recent *Forbes* article, a counterargument to this point may be that many early paid parental or paid maternal leave policy studies were hindered in their accuracy by small sample sizes and otherwise restricted or incomplete data.\textsuperscript{xii}
A substantial portion of the wage gap between men and women in the US is associated with motherhood. Most childcare activities are performed by women, and women are more likely to have their careers delayed or negatively affected as a result of having children than men. Additionally, men who do take parental leave for bonding or childcare purposes may face harassment or negative judgment from peers, which, in turn, can affect mental well-being and career prospects. Advocates suggest that the expansion and normalization of paid family leave would help address these gender-related issues. However, it is difficult to measure these changes in attitude or short-term changes in private household work divisions.

The effect of the presence or absence of “family-family” employer policies, including parental leave, has been proposed as a contributing policy factor in differences in female labor force participation, but a 2015 study found no evidence that leave improved participation at the national level within the European Union compared to other types of family and child care policy. The Institute for Women's Policy Research cites a study that concluded that the implementation of a state family paid leave program increases the workforce participation rate of mothers by six percentage points within the first year of the birth. A further study of California indicated that at the firm or organizational level, the state's paid leave policy was associated with an increase in employees when controlling for fixed effects. However, one of the most recent studies of paid leave in the US, which examined the effect of changes to California's policy (see State Employee Leave Programs below), found that the employment and wages of new mothers decreased six to 10 years following the birth of their children. This study used Internal Revenue Service tax data, which enabled the authors to track individual women rather than comparing like groups or relying on survey responses; however, it examined only women who took advantage of the new leave policy within the first year it was offered, and did not track those who may have taken leave years later after the policy was more normalized. If these findings held true for other programs, then it would follow that paid leave does not alleviate these significant negative career effects associated with motherhood. Other studies have found that access to paid or unpaid leave increased the likelihood that women would return to work after birth by as much as 40% when controlling for demographic factors.

An explanation for these discrepancies is that research indicates that the effects of leave vary with its duration. One study found that periods of three months or less had a positive effect on female employment, but that leave durations of six months or more were associated with wage decreases of 1.5% to 3.0%. A study of paid parental leave in France that focused on third-born children found negative wage and participation effects for the three years following the birth.

Leave proponents also argue that paid parental leave could help reduce inequalities among different categories of workers. Members of the professional career class are more likely to receive paid leave benefits than low-wage workers. Only 51% of the lowest-paid quarter of workers have access to paid leave, contributing significantly to the low overall figure of around 18% for private industry as a whole. 93% of workers classified as low-wage do not have access to paid family leave, including parental leave. Paid parental leave programs usually require an individual to have been employed at a job for at least 12 months before being eligible for any benefits. As individuals with part-time jobs often hold those positions for a shorter amount of time, this functionally has the effect of closing the option for many economically vulnerable workers. By offering paid leave to a broader segment of the population, advocates believe that the policy would reduce burdens on lower-income workers and consequently enable social mobility. There also is some evidence that paid leave can reduce wage disparities among ethnic and racial groups.

Arguments Against Paid Leave

Those who oppose Federal or state enactment of paid parental leave programs generally consider the direct cost to taxpayers and indirect costs to businesses—through paperwork, temporary
replacements, and/or loss of productivity—to outweigh the expected benefits, which frequently are not immediately tangible to businesses and, depending on circumstance, may not manifest at all. Organizations in public opposition to government-mandated or -run paid paternal leave policies, such as the Cato Institute, also voice concerns about the appropriate role of government in requiring individuals to support these programs through tax payments, or in requiring businesses to design such a program themselves. Programs that are funded through employee-only payroll taxes largely circumvent the issue of cost to businesses, but they generally do not address objections to the existence of the tax. As these programs are funded by all employees, those who will never directly benefit are typically still required to pay into the program's maintenance. Organizations like the Heritage Foundation also argue that many paid family leave proposals are fiscally unsound and express concern that the cost of a national paid leave program would expand significantly over time, contributing to the budget deficit.

The cost to businesses cited by opponents include lost worker productivity and the need to hire replacement workers or have existing employees assist with the absent parent's work. However, studies have found that the cost of temporarily replacing workers, and other associated costs, are negligible. A survey of businesses following the implementation of paid family leave in California found that leave had a positive or neutral effect on worker productivity, while a 2021 Stanford study found that small businesses found leave to improve employers’ ability to deal with employee absences; however, it is unclear that this finding could be assumed to apply for larger firms. In addition, the expansion of leave to all businesses and organizations would affect the overall environment in which employees make choices.

Other criticisms of paid parental leave focus on the inequities of the popular payroll tax method of funding. Under this method, taxes are deducted from employees’ paychecks and held by their employer, who in turn pays the funds to the state government. They argue that mandating contributions from lower-income workers leaves these individuals with less take-home pay that could be used instead to address immediate needs and financial obligations. In addition, studies show that despite advocates’ interest in helping low-income workers, these employees typically are less likely to benefit from paid leave policies than higher earners. Reasons cited include lower awareness, less ability to survive on partial wage replacement, and the nature of the jobs held by lower-paid workers leaving them disqualified from some programs.

Opponents of mandatory leave argue that employers would have the incentive to hire women less frequently than men because they would expect women to utilize the leave and cause disruption through their absence. Others have suggested that a much higher percentage of women (if not men) have access to paid parental leave than what is reported by the Bureau of Labor Statistics, and that parental leave, therefore, is adequately provided by employers. However, these higher figures count sick leave, personal time, and other available time off as freely available for use, which is not necessarily the case.

As is the case with pro-leave arguments, some opposition to paid parental leave is value-driven in nature. Libertarian arguments that businesses will provide paid leave if enough employees require it and/or they can afford to do so, and that the government should not force participation, are common among organizations critical of paid leave proposals.

**Parental Leave in the United States**

*Family and Medical Leave Act*

Most workers have access to unpaid family leave through the FMLA, which was enacted in 1993. The law requires that certain employees be provided with up to 12 weeks of unpaid leave to address their own serious health conditions, to care for members of their family with serious health
conditions, or to care for children, whether due to birth, adoption, or temporary care such as a foster care placement. It applies to employees of private businesses with 50 or more employees within a 75-mile radius, public employees (including state government workers), and employees at public or private elementary and secondary schools. xxxviii

An individual must work for his or her employer for a certain number of hours over a 12-month period to be eligible. Leave may be taken at any time during the one-year period following the event. This means that if both parents of a child were eligible for FMLA benefits, one could use the leave for the first 12 weeks following a birth, while the other parent could use the leave in the following 12 weeks.

Approximately 20.0 million people use FMLA benefits each year, but over 70% of those individuals use it to care for themselves or family members experiencing illness or injury rather than for childcare related purposes. xxxix The Center for American Progress cites a 2012 study that indicates that about half of all FMLA benefits are taken because of the employee's own, and not a family member's, health needs. xl Only 21% use FMLA for parental leave.

Temporary Disability Insurance

Some women can use temporary, short-term disability insurance benefits to take maternity-related leave because of pregnancy and birth. Several states have their own short-term disability insurance programs to provide income to the temporarily disabled; Michigan does not. According to a report by the Institute for Women's Policy Research, most of these programs offer between 50% to 60% of the employee's wages. These benefits typically are funded through payroll deductions, although whether both the employee and employer contribute varies by state. xli

Leave for Federal Employees

The most recent major change related to parental leave at the national level was the enactment of paid leave for most Federal employees. Paid parental leave for Federal employees was signed into law in December 2019 as part of the 2020 National Defense Authorization Act. Beginning October 1, 2020, most Federal employees are eligible for up to 12 weeks of paid parental leave. No specific appropriations were associated with the new law; instead, it is to be funded out of existing appropriations to Federal agencies and departments. xlii The Congressional Budget Office has estimated that costs will total $8.1 billion over ten years, not including various administrative expenses. xliii Some savings are expected because of reduced employee turn-over, but these fall far short of the expected costs.

Another bill, the Comprehensive Paid Leave for Federal Employees Act, is under consideration in the House of Representatives. This bill would expand the 12 weeks of paid parental leave also to provide the benefit for family and medical leave purposes. xliv

Proposed National Legislation

Several bills recently have been introduced in Congress that would provide paid family leave, including paid parental leave, at the national level.

Healthy Families Act

The Healthy Families Act (S. 1195, 117th Congress (2021)) was last introduced in the US Senate in April 2021. It would require businesses and organizations with 15 or more employees to provide up to seven days of paid leave, which could be used for an employee's own illness, or to care for
others, including an employee’s children. Smaller businesses would have to offer at least seven days of unpaid leave.

**FAMILY Act**

The FAMILY Act (S. 248, 117th Congress, (2021)) was last introduced in the US Senate in February 2021. It is the most comprehensive of the proposals described here. Under this plan, up to 12 weeks of leave would be covered at up to 66% of the employee’s previous wages, with a cap of $4,000 per month. Employees would be covered in cases of job change or self-employment. As is currently the case in states with paid family leave insurance programs, benefits would be funded through payroll contributions. Employers and employees each would pay 0.2% each. Critics argue that this unfairly burdens workers and employers. A Congressional Budget Office analysis concluded that the tax revenue generated could be insufficient to cover costs. Passage of the plan is a component of the Biden Administration’s American Families Plan.

**CRADLE Act**

One proposed alternative to traditional paid parental leave is to allow individuals to use some of their future Social Security income to replace their wages during a period of unpaid parental leave. Supporters highlight the fact that this plan would use existing, already-accounted-for dollars to fund leave instead of raising taxes. Money from the Social Security Trust Fund would cover leave, while money from other parts of the Federal budget would be used to address that depletion. In addition, it would not impose any costs on businesses.

Critics respond that this policy would rely on an already compromised Social Security system and still force individuals and families to bear a financial burden in order to spend time with new children. In addition, the bill requires that retirement be delayed by twice the amount of time taken for leave. The proposal does favor employees who earn less, as the amount that could be "borrowed" decreases with income. The lowest-paid workers could earn about 75% of their wages, a higher portion than offered under the FAMILY Act.

**The Families First Coronavirus Response Act**

Measures adopted by Congress in response to the COVID-19 pandemic included a limited temporary paid family leave policy. Effective until December 31, 2020, the Families First Coronavirus Response Act (FFCRA) allowed certain employees to take two weeks of paid sick leave for reasons related to COVID-19. Qualifying reasons included infection with the virus, possible infection, or required quarantine. The Act also provided some workers with as much as 10 weeks of paid family leave, with qualifications. The Act specified that companies were to be reimbursed for the cost of providing the paid leave time through tax credits.

Eligible employees included individuals working for state, local, and most Federal government employees as well as private employees who worked for organizations with fewer than 500 workers. The FFCRA contained language allowing employers of emergency responders and health care providers to opt out of the Act. An eligible individual who worked full-time was allowed take up to 10 weeks of paid family leave, at two-thirds of his or her usual pay, to care for a family member or child, and also could use the two weeks of sick leave for that purpose. In order to take the leave to care for a child, the individual had to be otherwise unable to utilize a childcare provider or school because of the pandemic. Part-time employees were allowed take a period of leave equal to the average number of hours worked in a usual two-week period. Small businesses with fewer than 50 employees could apply for an exemption to the family leave requirement if they believed it would endanger the survival of the business.
Employers could not force workers to use any other leave time they may have accumulated in place of the new Federal benefits. As noted by the Center for Law and Social Policy, this Act was the first Federal measure to require employers to extend paid leave to workers. However, the leave was conditional; the family leave was available only to individuals employed by qualifying employers who had worked for the business for at least 30 days. If the leave was taken to look after a child who was not ill, it was available only to those who could not otherwise access childcare or send their children to school because of the pandemic.iii

State Employee Leave Programs

State-paid family leave insurance programs vary in their size, eligibility requirements, and benefit details. However, states with these programs finance them through a payroll tax. Most states levy this tax on employees only, avoiding much of the controversy regarding costs to employers.iii This section summarizes details for six paid family leave programs run by states and Washington, DC.

California

California’s Paid Family Leave program was the first in the country. Benefits payments began in 2004. The program functions similarly to the FMLA, although it does not provide job protection. Eligible workers may take up to eight weeks a year to care for an ailing family member or to attend to a newly born or adopted child and may receive between 60 and 70 percent of their previous wages in a given time period. As of July 2021, the maximum is $1,357 per week.iv

To be eligible for these benefits, employees must have paid State Disability Insurance taxes during the preceding five to eight months. The funding for the State Disability Insurance Fund, out of which these benefits are paid, is designed to ensure a reserve of 25 to 50 percent of the previous year’s disbursements. This relieves employers of the burden of the costs of paid leave and allows the program benefits to be adjusted year-to-year to guarantee the long-term viability of the program. Lower-wage workers may be compensated at around 70% of their wage rate, with lower replacement numbers for higher earners. According to state data, about 87% of approved claims in 2020 were paid for child-bonding, rather than family care, purposes.iv

New Jersey

New Jersey’s parental leave program provides up to six weeks of benefits. The time period may be completed consecutively, intermittently, or be equal to 42 nonconsecutive days.iv Employees must have contributed to the program via payroll taxes and have earned at least $10,000 in the first four of the previous five wage-earning quarters. During the 2020 calendar year, workers paid 0.16% of the first $13,900 earned, with a maximum contribution of $215.84.iv Payments are equal to 85% of the employee’s average weekly wage, up to $903 weekly.

In addition, the New Jersey Family Leave Act requires employers with 30 or more employees to provide 12 weeks of unpaid family leave. As with paid leave, the employee must have worked a certain number of hours. Unlike the national FMLA, individuals may not use this leave for their own health conditions.

Massachusetts

Massachusetts began offering paid family leave benefits in January 2021.lix As with FMLA, leave may be taken for up to 12 weeks for the care of other family members as well as care of a new child. The law covers traditional W-2 workers (including part-time employees), self-employed individuals, and certain other individuals who do contract work but who do not qualify as independent contractors. Beginning July 1, 2021, benefits were increased to include a total of 26
weeks for family and medical leave in a benefit year. Previously, 26 weeks of nonparental paid family leave were available only if the family member in need of care was a member of the Armed Forces undergoing a medical treatment or suffering from a health condition related to military service.

The program is funded by payroll taxes on both employers and employees. However, the state's guidelines provide that employers with fewer than 25 eligible employees are exempt from paying in employer contributions, though they must still remit payment for their employees. The maximum contribution is 0.75% of eligible wages, while the maximum weekly benefit is $850.\textsuperscript{ix}

\textit{Washington State}

Washington State's paid family leave program began paying out benefits in 2020. It allows for 12 weeks of leave for purposes that include bonding with new children. Women who give birth may be eligible for 16 weeks total.\textsuperscript{ix} Like other state programs, Washington’s requires employers with 50 or more employees to withhold from wages to fund the program. Employers and employees each pay 0.2% of the employee's gross wages. Similar to Massachusetts's small-employer exception, employers with fewer than 50 employees collect the employee share but are not required to pay into the program themselves. Their employees are eligible for leave.

There are also options for self-employed individuals, who must pay the employer as well as the employee share. All forms of work, including temporary and part-time labor, are eligible. Individuals must work at least 820 hours in the past year. Benefits are capped at $1,000 per week. Time off does not need to be consecutive. A worker may take a couple weeks of leave, return to work, and then resume his or her leave if properly arranged with his or her employer.

\textit{New York}

New York began offering paid family leave benefits in 2020. Bonding time with a new child, whether joining a family through birth, adoption, or fostering, is among the permitted purposes under the policy.\textsuperscript{xii} As with other state policies, leave for this purpose must be taken within 12 months of the event. Employees may take up to 10 weeks at 60% of their average weekly wage, which may not exceed $840.70. New York’s program is funded by an employee-only payroll tax. As of June 2020, the contribution is 0.27% of the employee's gross wages. The contribution percentage must be adjusted annually to sufficiently fund the costs of the program.

\textit{Washington, DC}

Washington, DC passed the Universal Paid Leave Amendment Act in 2016. It allows up to eight weeks of parental leave, as well as other forms of family leave. It is funded by a 0.62% quarterly payroll tax based on the past quarter of gross or total wages paid, much like the unemployment insurance tax. Earned benefits are based on the employee’s earnings in comparison to the DC minimum wage, according to a formula. The current maximum weekly benefit is $1,000.\textsuperscript{xii} Federal and district government employees are excluded from benefits.\textsuperscript{xii} The program has entailed the establishment of a new office. When staffing is completed, the fully cost is estimated to total $8.5 million to $11.0 million per year.

\textit{Details of Recent Michigan Proposal}
A proposal to offer paid parental leave to State of Michigan employees was included in the FY 2020-21 Executive Budget Recommendation. Under the policy, full-time state employees could take up to 12 weeks of leave in the year following the adoption or birth of a child. If a child has two parents who are eligible State employees, each parent could take 12 weeks of leave. Part-time employees could qualify for prorated leave. The policy was intended to take effect for births and adoptions that took place on or after October 1, 2020. The leave in question could be used in combination with any unpaid leave available to the parent, including any FMLA time for which he or she may have been eligible. However, other paid leave, such as sick leave, could not be used for this purpose.

The proposal recommended an appropriation of $10.0 million to be used to offset the cost of leave for certain State departments. These departments were intended to be those identified as likely to be "disproportionately affected" by the policy. Identified departments include the Department of State Police and the Department of Corrections, for which it could be more difficult to compensate for the absence of a worker compared to other agencies in State government. The type and level of the work performed, the size of a department or office, and other factors would determine the exact cost of leave for a given employee.

According to the Civil Service Commission, there are about 1,2000 to 1,300 births and 20 adoptions among State of Michigan employees each year. Under the proposed program, new appropriations would be required on an annual basis and were expected to be adjusted based on data collected within the first few years of the policy's enactment.

Conclusion

A 2017 review of global research on paid parental leave policies concluded that the existence or expansion of paid parental leave indeed results in more individuals using those benefits. A number of other studies have replicated this finding. A parental leave program similar to the one proposed by the Governor in the FY 2020-21 Executive Budget Recommendation reasonably could be expected to have a significant impact on departmental budgets over time. A successful initiative could give greater support for a more widespread State policy to encourage or mandate paid parental leave. However, at this time none of these programs are in development.

The payroll-based programs in place in other states will continue to be examined by research and policy experts. As these relatively new programs develop, the associated data should enable policymakers to better evaluate the costs and benefits of these initiatives.

---

ii "Paid Family Medical Leave Act - FAQs", Michigan Department of Licensing and Regulatory Affairs.
vi Note 1.


Note 13.


xxiv Note 16.


xxviii Note 22.


xxxi Note 19.

xxxii Note 15.


Note 26.


xxvii Note 27.


xii Note 19.


xiv Maucione, Scott, "Paid federal parental leave will cost $3.3B over 5 years, but that's not the whole story", Federal News Network, Dec. 16, 2019.


*Id.*

Note 1.


"Family Leave Insurance", State of New Jersey Department of Labor and Workforce Development.


Note 19.