

Paid parental leave gaining momentum

Earlier this month, President Trump used part of his State of the Union address to renew a call for paid parental leave, the latest sign that the benefit—long considered a pipedream—could become a reality in America.

Trump noted that more women are now in the workforce than at any other time in U.S. history. Many are of child-bearing age and would probably welcome some form of paid parental leave when they add to their families.

The Tax Cuts and Jobs Act signed into law in 2017 included incentives for businesses to voluntarily provide some paid parental leave. The law's Paid Family Leave Tax Credit lets businesses take a tax credit of up to 25% of wages paid to employees during parental leave following the birth of a child. Employers that voluntarily offer qualifying employees up to 12 weeks of paid family and medical leave annually under a written policy may claim a tax credit for a portion of the wages paid during that leave.

The minimum leave to qualify is two weeks. The minimum wage replacement payment is 50% in order to receive the sliding scale credit, which begins at 12.5%. It tops out at 25% for employers that pay workers their full earnings during parental leave.

Snapshot: Employers offering paid parental leave

Paid parental leave is the law in a few states, but many employers now offer it as a matter of policy.

For birth parent:

2015: 24%

2018: 40%

For both parents:

2015: 25%

2018: 41%

(Source: Mercer Survey on Absence and Disability Management, January 2019)

Capitol Hill proposals expected

The FMLA provides employees with up to 12 weeks of unpaid family leave for parents to care for and bond with a baby or a newly adopted or fostered child.

However, no federal law requires employers to provide paid leave.

That could change, possibly within a few months, as Democrats and Republicans alike now consider paid family leave a winning political issue.

Congressional Republicans say they are poised to introduce paid family leave legislation in the run-up to the 2020 election.

Sen. Marco Rubio (R - Fla.) has proposed the Economic Security for New Parents Act, which would allow new parents to tap a portion of their projected Social Security benefits for paid parental leave.

Democrats are likely to introduce the Family and Medical Insurance Leave Act, which would provide 66% of pay for 12 weeks for new parents, funded by a 0.2% payroll tax, split equally between employers and employees.

California weighs 6 months' paid parent leave

Within days of taking office, California Gov. Gavin Newsom delivered on a campaign promise to expand the state's already generous paid parental leave entitlement. Newsom proposed granting six months of paid leave to new parents, up from the currently mandated six weeks of partially paid leave.

If enacted, Californians would enjoy far more paid parental leave than any other Americans.

The plan would compensate new parents up to 70% of their wages while they took time off to care for a newborn or newly adopted baby. Two parents or caregivers would be allowed to take advantage of the program for up to three months each.

The increase would put the state on par with other developed countries that mandate paid time off for those starting or expanding their families.

In a recent study, the Federal Reserve Bank of San Francisco concluded that expanding paid parental leave and subsidizing child care would enable as many as five million working-age mothers to reenter the workforce after having children. The Fed report said those initiatives could provide significant help to employers seeking qualified workers in a highly competitive, low-unemployment labor market.

Leading by example

Other states are likely to follow California's lead, expanding parental leave rights for their own citizens or passing legislation for the first time.

California's first paid parental leave program began in 2004, financed through temporary disability insurance premiums. New Jersey, New York and Rhode Island also mandate some amount of paid parental leave. The District of Columbia and Washington state have enacted plans that will go into effect next year.

A number of other states also provide for some form of paid sick leave, which can be used for family leave. Michigan will roll out a paid sick leave mandate this year, after Gov. Rick Snyder signed legislation last December.