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Paid parental leave “compromise” moves forward

Summary: *Policy Brief Vol. 26, No. 32*, highlighted numerous potential problems with the Allegheny County Board of Health’s (board) proposed paid parental leave policy. On Sept. 16, the board unveiled a revised proposal that would still be among the most generous in the nation. The revised plan – plus two small amendments – was approved by the board at a Sept. 28 special meeting. It was then approved by County Council’s health committee on Oct. 8. The measure will soon move to the council for a final vote.

Background

The initial paid parental leave proposal introduced in March was by far the most generous of any such public policy in the nation. Any employee who had worked for at least 30 days for an employer would have been eligible for up to 18 weeks of job-protected, fully paid parental leave following the birth, adoption or foster-care placement of a child. Most controversially, employers would be expected to pay for the benefit in its entirety.

By contrast, the mandatory leave policies enacted by 14 other states and the District of Columbia (D.C.) offer between 8-12 weeks with stricter eligibility requirements, partial wage replacement, a weekly benefit cap, a small business carveout where applicable and nearly all use some form of social insurance model to fund the benefit, which often also includes other medical-, family- or military-leave benefits. Only D.C. requires employers to foot the entirety of the bill via a 0.75 percent payroll tax and has no small business carveout.

Revised policy

The revised plan approved by the board pared down the number of weeks of leave mandated, tightened the eligibility requirements, capped weekly benefits, added stillbirth as a qualifying event and included a small business carveout.

Allegheny County Board of Health's Paid Parental Leave Policy

	Board's Initial Proposed Policy	Board's Approved
Number of weeks	18	12
Eligibility Requirements	30 days worked	Full time – 6 months worked; part time – 625 hours worked
Who funds benefit	Employer Only	Employer Only
Income/wage replacement	100%	100%
Max weekly benefit	None	\$4,200
Job protection	Yes	Yes
Small business carveout	None	Employers with <15 employees are exempt

Even with the changes, the measure is still arguably the most generous such public policy in the country. Nearly every other state has a tiered wage replacement system, such as a 90 percent replacement rate up to half of the statewide average weekly wage or minimum wage, with amounts above that threshold subject to a lower replacement rate up to a weekly maximum amount. Keep in mind, too, that the maximum weekly benefit cap ranges from \$1,765 in California – which only offers eight weeks of leave – to \$900 in Delaware. In other words, compared to the 14 other states and D.C. with a mandatory paid parental leave policy, Allegheny County's full wage replacement rate with a weekly benefit cap of \$4,200 would be unprecedented.

The eligibility restrictions and small business carveout, however, are closer to the norm. Of the 14 states, six require some form of employment tenure, ranging from 20 weeks to 12 months; 11 require a minimum of a worker's earned income subject to the payroll deduction or premium that funds the benefit. Of the nine states which require some form of employer contribution, small business carveouts range from exemptions for employers with fewer than 10 employees in Delaware to fewer than 50 in Washington, with some states also offering grants.

Again, nearly every other jurisdiction utilizes a kind of social insurance model where the costs are spread out. The county's policy maintains individual employers fund the benefit themselves.

Still too costly?

Public comments and feedback from businesses (and owners) shared by the board at its Sept. 16 meeting and again at the [Oct. 8 health committee meeting](#), echoed many of the same concerns raised in *Policy Brief Vol. 26, No. 32*. That *Brief* also cautioned that “[m]erely reducing the far-too-generous paid parental leave benefits to be more in line with policies enacted by other states will only change the degree or magnitude of economic distortion, not eliminate it.”

Businesses subject to the mandate will still have to account for an employee's entire salary, the cost of a replacement (assuming one can be found), potential overtime for reassigned workers and/or the loss of income from the worker's productivity altogether. It's also unclear what impact mandating 12 weeks of paid parental leave will have on other benefits offered by businesses, such as paid time off, vacation days, healthcare or perks like scheduling flexibility.

Existing firms may still look to relocate outside of county limits while prospective businesses may choose not to invest in Allegheny County in the first place. Others may have to forgo hiring additional permanent staff, reduce employees' hours or raise prices to cover costs. One public comment shared by the board at its Sept. 16 meeting noted that the policy could dissuade businesses from hiring younger, eligible workers in the first place.

During the Sept. 28 special session, one member of the board highlighted that roughly 50 percent of the businesses in Allegheny County have 10 or fewer employees while 65 percent have fewer than 20 employees. So, while stricter eligibility requirements and a small business carveout will shield *some* employers, an unfunded paid parental leave mandate would still impose significant costs on a number of Allegheny County businesses.

Furthermore, the 15-employee threshold remains entirely arbitrary. How does the board, or county government, know that a business with 14 employees can't afford such a benefit but those with 16 employees can? What about any business with 15 or more employees that operates on already thin margins? As local governments – including Allegheny County – continue to lament, the costs of labor, healthcare, insurance and supplies, are all climbing. The same is true for businesses that – unlike local governments – operate on a profit and loss basis.

Allegheny County population and employment

Policy Brief Vol. 26, No. 33, recently chronicled Allegheny County's net loss of roughly 7,000 residents to other states and Pennsylvania counties based on 2022-23 IRS tax migration data. It's clear from those findings that the county continues to shed population, with the primary destinations for out-migration being major job centers like Silicon Valley, New York City and Houston.

To wit, according to the U.S. Census Bureau, Allegheny County's population fallen by more than 47,000 since 2001, a 3.7 percent decline. Pennsylvania population grew by more than 760,000 during the same period, a 6.2 percent increase. However, both significantly trailed the nation in population growth over this time period, as it added more than 56.8 million residents, a 19.9 percent increase.

The very same *Brief* noted that “[t]ypically, working-age adults are moving due to job opportunities. The net drain to the county ... implies that there aren't enough job opportunities available.” The county's private employment growth (or lack thereof) substantiates this idea.

According to the U.S. Bureau of Labor Statistics, Allegheny County's annual total private employment fell by more than 31,000 from 2001 to 2025, a 4.9 percent *decline*. During that same period, Pennsylvania added more than 526,000 jobs, a 10.9 percent

increase. Again, both lagged the nation – which saw an increase of nearly 24 million jobs, or private employment growth of 21.8 percent.

Conclusion

Allegheny County's tight financial situation was highlighted during the chief executive's presentation of the 2027 Comprehensive Fiscal Plan on Oct. 6. There was also mention of the pension crisis, which officials have indicated will likely involve state action – including the possibility of increasing existing taxes or levying new ones. This only further demonstrates the dire need for economic and population growth.

Encouraging business expansion and investment in Allegheny County will naturally lead to more and better jobs and opportunities while helping to grow the tax base. Championing further anti-business mandates like paid parental leave – and expanding [paid sick time](#), which has received less attention thus far – will, as *Policy Brief Vol. 26, No. 32*, warned, lead to “further economic stagnation and a loss of jobs, pushing away the very families and residents this proposal is ostensibly intended to help.”

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