

Fiscal Impact Analysis of Proposed Permanent Rules on Paid Parental Leave

Commission That Would Adopt Rules: State Human Resources Commission (SHRC)

Agency Staffing This Commission: Office of State Human Resources (OSHR)

Proposed Rules:

Rule Title	Citation	Authority
Definitions	25 NCAC 01E .1901	G.S. 126-5(c19); 126-8.6
Relationship to Other Rules and Policies	25 NCAC 01E .1902	G.S. 126-8.6
Eligibility for Paid Parental Leave	25 NCAC 01E .1903	G.S. 126-8.6
Leave Available to Full-Time Employees	25 NCAC 01E .1904	G.S. 126-8.6
Leave Available to Part-Time Employees	25 NCAC 01E .1905	G.S. 126-8.6
Use of Other Leave	25 NCAC 01E .1906	G.S. 126-8.6
Requesting Use of Paid Parental Leave	25 NCAC 01E .1907	G.S. 126-8.6
Leave Administration	25 NCAC 01E .1908	G.S. 126-4(6); 126-8.6; 126-35(a)
Leave Administration for Adoptions or Foster Care Placements	25 NCAC 01E .1909	G.S. 126-8.6
Miscarriage or Stillbirth	25 NCAC 01E .1910	G.S. 126-8.6

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State Gov. Impact: Yes
 Local Gov. Impact: Yes
 Private Sector Impact: No
 Substantial Economic Impact: For purpose of this analysis, yes, but dependent on the value of unquantified benefits and indirect impacts

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Executive Summary

The proposed rules are required to comply with recent legislation that requires the State Human Resources Commission (SHRC) to adopt rules regarding paid parental leave (PPL) for state employees. The proposed rules implement the provisions of G.S. 126-8.6 and G.S. 126-5(c19), as well as provide additional interpretation and clarifications where needed.

Part V of Session Law 2023-14 enacted G.S. 126-8.6, the first ever North Carolina statute providing PPL to state employees. The session law also enacted G.S. 126-5(c19), which identified the types of employees that must be provided PPL under G.S. 126-8.6. Subsequent clarifying amendments were made to G.S. 126-8.6 and 126-5(c19) via Session Law 2023-65 (Part XII-A) and Session Law 2023-134 (Section 7.83). These statutes provide for a PPL program that is similar to the PPL program that was already being implemented for Cabinet and other participating agencies under the Governor’s Executive Order 95.¹ A key difference is that the new legislation broadened the applicability of PPL to all state employees.

The new PPL law, like Executive Order 95, has substantial, tangible benefits for state and local government employees, their children, and their employers. Research shows that mothers who used PPL had an increase in work hours (which is related to productivity) following the paid leave, and this increase lasted for multiple years.² Research also shows that PPL produces lower infant mortality rates (including a 5.2% decrease in the neonatal mortality rate and a 1.9% decrease in the under-five mortality rate), higher rates of breastfeeding, and more mature early cognitive functioning in infants.³ PPL also serves as a recruitment and retention tool for state government. Because the PPL program was put in place for state agencies in October 2019, a few months before the COVID-19 pandemic and the resulting long-term changes in the labor market, staff have not been able so far to identify the precise effects of PPL on state employee recruitment and retention. But given the cost of employee retraining, which is \$10,000 per employee at a minimum,⁴ even slight benefits in state employee retention would have significant beneficial effects on state agencies. Improved employee retention could also result in incremental improvements to the quality and consistency of services provided to taxpayers.

As required, this fiscal note analyzes the cost of the proposed PPL rules compared to the regulatory baseline. The regulatory baseline includes G.S. 126-8.6 (plus Executive Order 95 for employees of Cabinet agencies) and all substance required to appear in the SHRC’s rules under G.S. 126-8.6 and 126-5(c19). Compared to the regulatory baseline, OSHR estimates the proposed rules will have an annual “salary cost” of \$149,611.53. These costs are primarily in the form of salary from the proposed extension of PPL benefits to eligible state employees in cases of miscarriage, stillbirth, or the death of the child during birth.

These “salary cost” figures greatly overestimate the cost of PPL, as discussed in more detail below, because lapsed salary covers the entire cost of PPL for state agencies. The salary cost of PPL is less than one percent of the lapsed salary generated by state agencies over the last fiscal year, and the PPL program does not result in a net increase in General Fund appropriations.⁵ More broadly, these estimates were based upon a relatively limited dataset and relied upon a number of assumptions that are detailed below. The actual costs that are realized from the proposed rules may be higher or lower depending on variables such as vacancy rates, future pay increases, and rate of utilization by eligible employees.

¹ 33:24 N.C. Reg. 2346 (June 17, 2019).

² See footnotes 28 and 29 later in this fiscal note, along with the surrounding text.

³ See footnotes 34 to 38 later in this fiscal note, along with the surrounding text.

⁴ See footnote 40 later in this fiscal note, along with the surrounding text.

⁵ See footnotes 44 and 45 later in this fiscal note, along with the surrounding text.

The proposed rules could also generate minimal unquantified cost savings to some state agencies (and corresponding opportunity costs to employees) from limiting the number of times an employee can use PPL in a 12-month period and from establishing a minimum service period before becoming eligible for PPL. These particular provisions are already in effect via Executive Order 95; as a result, their inclusion in the proposed rules will only impact non-Cabinet agencies and institutions that are not subject to Executive Order 95. Note that public school units and community colleges are separately required to adopt rules that are substantially equivalent to the SHRC rules. For this reason, this fiscal analysis analyzes impacts to those entities at a lower level of detail. See the last section of this document, entitled “Estimates of Expenditures by Indirectly Affected Parties,” for further details.

Lastly, the proposed rules are likely to generate unquantified benefits to all subject state agencies and employees in the form of improved clarity for administrative procedures. For example, the proposed rules clarify that the statute’s PPL structure provides four weeks of paid leave for bonding, available to both birth parents and non-birth parents, along with four weeks of recovery available only to birth parents. This does not change the amount of leave provided to parents under the PPL law; it only describes that leave in a way that will make leave clearer for employees and make the program more likely to survive judicial scrutiny. Changes like this, which are discussed throughout this fiscal note, should result in more efficient implementation of the PPL law.

Background

Scope of the Paid Parental Leave Program and Effect on Other Public-Sector Employers

G.S. 126-8.6 provides paid parental leave to several different types of public-sector employees in North Carolina, including all employees of State executive branch “agencies, departments, and institutions.”⁶ G.S. 126-5(c19) applies section 126-8.6 “to all State employees” who are otherwise exempt from the Human Resources Act, “[n]otwithstanding any other provision of this Chapter.”⁷ Taken together, these two statutes require that PPL be provided to employees by all executive branch agencies, departments, and institutions.

Under these new laws, PPL must be provided not only to eligible employees who are subject to the State Human Resources Act but also to employees who are exempt from the Act (if they meet all other eligibility requirements). This includes employees in positions that have been designated with exempt policymaking, exempt managerial, confidential assistant, confidential secretary, or chief deputy status, as well as executive branch employees in positions that are subject to statutory exemptions from the State Human Resources Act. All these employees are included in the analysis in this fiscal note.

The law establishes that the legislative and judicial branches “shall adopt parental leave policies.”⁸ These legislative and judicial branch policies are independent from the State Human

⁶ G.S. 126-8.6(e).

⁷ G.S. 126-5(c19).

⁸ G.S. 126-5(c19), last sentence.

Resources Commission’s proposed rules, and the General Assembly has not required the legislative and judicial branch policies to be equivalent to the Commission’s rules and policies. Therefore, this fiscal note does not include legislative and judicial branch employees in its impact analysis.

Further, the law establishes that three additional types of public-sector employers must provide PPL under rules and policies “that are substantially equivalent to those adopted by the State Human Resources Commission.”⁹ The statute describes these types of indirectly affected employers by describing their employees. Specifically, G.S. 126-5(e) provides that G.S. 126-8.6 “shall apply to ... The University of North Carolina; to public school employees; and to community college employees.”¹⁰ The last section of this fiscal note briefly addresses the potential indirect impacts to these employers and employees.

The relevant pages of the session laws are attached as Exhibit 1. For ease of reference, a compilation showing the text of G.S. 126-8.6 and G.S. 126-5(c19) after all the statutory amendments is attached as Exhibit 2.

Existing Paid Parental Leave Program

In general, the new PPL program in G.S. 126-8.6 is structured the same as the existing PPL program under Executive Order 95 (Exhibit 3),¹¹ the pre-2023 State Human Resources Commission’s Paid Parental Leave Policy (Exhibit 4),¹² and the Guidelines and Frequently Asked Questions that OSHR issued to implement the policy and executive order. See Exhibit 5 for the most current version of the Paid Parental Leave Policy.

Temporary Rules

Shortly after the new statutes on PPL became law, the State Human Resources Commission began temporary rulemaking. Temporary rules for 25 NCAC 01E .1901 to .1908 were approved by the Rules Review Commission and were published in the N.C. Register on September 15, 2023.¹³ After the changes made to the statute by Session Law 2023-134, the State Human Resources Commission began additional temporary rulemaking to make 25 NCAC 01E .1903 reflect the revised statute. The revised temporary rule for 25 NCAC 01E .1903 was approved by the Rules Review Commission and was published in the N.C. Register on January 16, 2024.¹⁴ Exhibit 6 is a redline showing the differences between the temporary rules and the proposed permanent rules.

⁹ G.S. 126-5(e).

¹⁰ G.S. 126-5(e).

¹¹ 33:24 N.C. Reg. 2346 (June 17, 2019).

¹² Current and past versions of the Paid Parental Leave Policy can be found on the Office of State Human Resources website at <https://oshr.nc.gov/policies/paid-parental-leave-policy>. After the 2023 statute was enacted, the policy was modified to reflect the new statute.

¹³ 38:06 N.C. Reg. 354-357 (Sept. 15, 2023).

¹⁴ 38:14 N.C. Reg. 940-941 (Jan. 16, 2024).

Information about the temporary rules is included in this fiscal note for the sake of completeness. Temporary rules are not considered part of the regulatory baseline for purposes of the fiscal analysis.

Description of Proposed Rules

The proposed rules are meant to cover all the areas where the statute requires rulemaking as well as to provide administrative interpretations and procedures in other areas necessary to fully implement the PPL laws for state agency employees. (As described further below, these rules do not directly apply to public school and community college employees.) The following is a description of each of the proposed rules. Note that the bulk of impacts associated with the parental paid leave program are attributable to the requirements of the statutes rather than to the rules themselves. This distinction will be discussed further in the impact analysis section.

Rule 25 NCAC 01E .1901

This rule contains definitions of key terms and is intended to establish administrative interpretations and procedures necessary to implement G.S. 126-8.6 and 126-5(c19).

- The definition of “agency” instructs employees concerning the scope of the rule, matching G.S. 126-8.6(e) and 126-5(c19).
- The definition of “child” is a cross-reference to the statute.
- The definition of “parent” mimics G.S. 126-8.6(a)(2), then adds the word “birth” (which is implicit in the statute’s term “legal placement”) to avoid staff concluding that only adoption or foster care, not childbirth, produces PPL.
- The definition of “qualifying event” matches the definition in G.S. 126-8.3(a)(3).

Rule 25 NCAC 01E .1902

This rule clarifies how the PPL program relates to other rules and policies. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S. 126-8.6. Because the proposed rules apply to Council of State agencies and other employers who can establish their own Human Resources policies, it is important to make it clear that the rules apply only to the PPL provided under G.S. 126-8.6, and that the rules do not preclude other leave authorized by state or federal law.

Rule 25 NCAC 01E .1903

This rule establishes which employees are eligible for PPL. It also includes the minimum service period before an employee becomes eligible for parental leave. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S. 126-8.6 and 126-5(c19) and to fulfill specific rulemaking duties assigned in G.S. 126-8.6.

- Paragraph (a) is a reminder to agency staff that the PPL program applies to employees who are exempt from other parts of the State Human Resources Act, matching G.S. 126-5(c19).

- Paragraph (b) fulfills the Human Resources Commission’s statutory duty to adopt rules providing that PPL is available to “permanent, probationary, or time-limited” employees. G.S. 126-8.6(b). This paragraph also makes clear the inverse: that PPL is not available to temporary employees, who are the only type of state employee left out of the statutory statement at G.S. 126-8.6(b).
- Paragraph (c) fulfills the Human Resources Commission’s statutory duty to adopt rules providing for a period of minimum service before an employee becomes eligible for parental leave. G.S. 126-8.6(c1), first clause. It also fulfills the Commission’s statutory duty to adopt rules providing that the period of minimum service may be met by aggregating employment at State agencies, public school units, and community colleges. G.S. 126-8.6(c1)(1)-(3). The period of minimum service established in the proposed rule matches that of Executive Order 95 (in section 2.b.).
- Paragraph (d) states the effective date and makes clear that qualifying events of any type (not only natural childbirths) may produce leave. This is consistent with the statutory instruction in G.S. 126-8.6(b)(2) that an employee may take leave following “any other qualifying event.”¹⁵

Rule 25 NCAC 01E .1904

This rule establishes how PPL is structured, including the amount of PPL for full-time employees. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S. 126-8.6 and to fulfill specific rulemaking duties assigned in G.S. 126-8.6. Specifically:

- Paragraph (a) fulfills the Human Resources Commission’s statutory duty to adopt rules providing that full-time employees may take “[u]p to eight weeks of paid leave after giving birth to a child” or “[u]p to four weeks of paid leave after any other

¹⁵ Session Law 2023-14 states that PPL “becomes effective July 1, 2023, and applies to requests for paid parental leave related to births occurring on or after that date.” § 5.1(f). On its own, this could have been read as excluding adoptions or foster care placements from coverage if the children involved in those foster placements or adoptions were born before July 1, 2023. To clarify, Proposed Rule .1903(d) states that it applies to “qualifying events occurring on or after July 1, 2023,” indicating that an adoption or foster care placement that occurs after July 1, 2023, would be eligible for PPL even if the child had been born prior to that date.

This clarification is consistent with the whole of the new PPL statute. The statute instructs, in G.S. 126-8.6(b)(2), that an employee may take leave following “any other qualifying event.” In the broader context of the paid parental leave statute, the reference to “births” in the effective date provision is illustrative, not restrictive. The other references in the statute to becoming a parent mention the term “qualifying event,” which includes adoption and foster placement. See G.S. 126-8.6(a)(2),(a)(3),(b)(2),(c). The definition of “parent” in G.S. 126-8.6(a)(2), specifically mentions adoptive and foster parents, but does not mention birth parents at all. For these reasons, it is most appropriate to read “qualifying event” broadly.

As such, this reading of the provision causes no significant additional state expenditures as compared to the regulatory baseline. If this provision were not included in the regulatory baseline, it still would not produce a significant fiscal impact. OSHR analysis of HR-Payroll System data shows that in calendar year 2022, 22 state employees took PPL for adoptions, and 33 state employees took PPL for foster care or guardianships. The average cost of PPL in fiscal year 2022-2023 was \$5,710 per employee who took PPL. Restricting coverage for adoptions would have reduced the statewide salary cost for paid parental leave by \$125,624. Restricting coverage for foster care or guardianships would have reduced the statewide salary cost by \$188,436.

qualifying event.” G.S. 126-8.6(b).

- Paragraph (a) establishes that the program is structured as four weeks of paid leave for physical and mental recuperation for the birth parent, along with an additional four weeks of paid leave available to all parents for bonding with the child. This matches language that has been part of the Paid Parental Leave Policy for state employees.¹⁶ This structure is important to ensure the parental leave program passes legal scrutiny. The courts have upheld parental leave programs that offer leave to birth parents for physical recovery while providing a different amount of leave to all parents for bonding with the new child.¹⁷
- Paragraph (b) clarifies that the paid leave is at full salary on the employee’s regular schedule, without any overtime pay.

Rule 25 NCAC 01E .1905

This rule establishes how leave is prorated for part-time employees. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S. 126-8.6 and to fulfill specific rulemaking duties assigned in G.S. 126-8.6.

- Paragraph (a) is a reminder to staff that the statute for PPL, unlike other State programs, does not limit its benefits to part-time employees who work half-time or more.
- Paragraph (b) fulfills the Human Resources Commission’s statutory duty to adopt rules providing that part-time employees “may take a prorated amount of paid leave after giving birth, not to exceed eight weeks, or paid leave after any other qualifying event, not to exceed four weeks.” G.S. 126-8.6(c). To explain how time will be prorated, paragraph (b) establishes that the prorated amount shall be determined based on hours worked in the part-time employee’s schedule, compared to a full-time employee in a similar position at the same agency. This is consistent with Executive Order 95 (Section 2.e.).
- Paragraph (c) matches the equivalent paragraph for full-time employees, .1904(b).

Rule 25 NCAC 01E .1906

This rule explains how PPL works with other leave balances. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S.

¹⁶ 2019 Paid Parental Leave Policy (Exhibit 4) at Section 5, Page 134; current Paid Parental Leave Policy (Exhibit 5) at § 8.1.

¹⁷ See U.S. Equal Employment Opportunity Commission, *Enforcement Guidance on Pregnancy Discrimination and Related Issues* (2015), https://www.eeoc.gov/laws/guidance/enforcement-guidance-pregnancy-discrimination-and-related-issues#_ftnref124, Example 14 n. 124. See also, e.g., the following cases which are cited in the EEOC enforcement guidance: *California Fed. Sav. & Loan Ass’n v. Guerra*, 479 U.S. 272, 290 (1987) (noting that leave could be validly provided to pregnant women where the statute is drawn to cover the period of physical disability); *Johnson v. Univ. of Iowa*, 431 F.3d 325, 328 (8th Cir. 2005) (holding that “leave given to biological mothers” is “conferred for a valid reason wholly separate from gender” when it is “granted due to the physical trauma they sustain giving birth”).

126-8.6. The text clarifies for staff that the PPL shall not be deducted from the other leave balances for state employees. This is consistent with Executive Order 95 (Section 3.h.). Based on questions that have arisen during implementation of the new statute, the word “bonus” is proposed to be included for clarity.

Rule 25 NCAC 01E .1907

This rule establishes procedures for requesting use of PPL. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S. 126-8.6. These procedures are familiar to Cabinet agency employees from Executive Order 95 and the Paid Parental Leave Policy.

- Paragraph (a) establishes that any intermittent use of PPL is subject to agency approval.
- Paragraph (b) requires that whenever possible, eligible employees notify their agencies at least 10 weeks in advance of their intention to use PPL. This allows backfill coverage to be secured.
- Paragraph (c) establishes that birth parents who request continuous use of PPL must be allowed to take that leave.
- Paragraph (d) establishes that non-birth parents can have their leave delayed by the agency on the basis of a public safety concern, meaning a significant impairment to the agency's ability to conduct its operations in a manner that protects the health and safety of North Carolinians. Birth parents can also have their leave delayed on the basis of a public safety concern if they request intermittent (rather than continuous) leave.
- Paragraph (e) establishes that if the agency delays leave on the basis of a public safety concern, it must provide PPL as soon as is practical following the qualifying event.

Rule 25 NCAC 01E .1908

This rule establishes leave administration procedures. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S. 126-8.6 and to fulfill specific rulemaking duties assigned in G.S. 126-8.6. These procedures are familiar to Cabinet agency employees from Executive Order 95 and/or the Paid Parental Leave Policy.

- Paragraphs (a) and (b) fulfill the Human Resources Commission’s statutory duty to adopt rules providing “the maximum number of uses of PPL within a 12-month period.” G.S. 126-8.6(c1). These paragraphs establish that PPL may be used only once by an eligible employee within a rolling 12-month period and that multiple births (i.e., twins or triplets) produce only one award of PPL.
- Paragraph (c) clarifies that when both parents are state employees, each parent may take PPL.

- Paragraph (d) establishes employees' duty to submit documentation that they will use PPL for a qualifying event under the statute. This paragraph also makes clear that the agency may revoke leave and take disciplinary action if an employee fraudulently requested or used PPL.
- Paragraph (e) makes it clear that PPL is not paid out on separation, is not used for calculating an employee's retirement benefits, and cannot accrue or be donated as voluntary shared leave.
- Paragraph (f) discusses how PPL is reported.

Rule 25 NCAC 01E .1909

This rule establishes details of leave administration for adoptions or foster care placements. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S. 126-8.6. Certain provisions in this rule are based on feedback received during implementation of the new statute and are not considered part of the baseline.

- Paragraph (a) explains what happens to PPL when a parent's child is put in the care of another person through adoption, foster care, or surrogacy.¹⁸ In this situation, a birth parent's four weeks of leave for physical and mental recuperation will remain available, as the birth parent must recover from the physical trauma of childbirth. However, parents will not be eligible for further use of the four weeks of leave for bonding with the child, as the child will not be present.
- Paragraph (b) deals with situations where an expected adoption or foster care placement does not occur. Under paragraph (b), PPL is not available in these circumstances. However, paragraph (b) encourages agency staff to be flexible in these circumstances, as the employees who have had an unsuccessful adoption or foster placement may be experiencing bereavement and may need support.

Rule 25 NCAC 01E .1910

This rule establishes how much leave is to be provided in the event of miscarriage or the death of a child during birth. This rule is intended to establish administrative interpretations and procedures necessary to fully implement G.S. 126-8.6 and to fulfill specific rulemaking duties assigned in G.S. 126-8.6. Certain provisions in this rule are new to the regulated community and are not considered part of the baseline.

- Paragraph (a) fulfills the Human Resources Commission's statutory duty to adopt rules providing "how much leave is to be provided in the event of miscarriage or the death of a child during birth." G.S. 126-8.6(c1). This paragraph provides that when a fetus dies before 12 weeks of the pregnancy were complete, it is not a qualifying event for PPL. As noted in paragraph (d) of Rule .1910, agencies are encouraged to

¹⁸ Any reference to surrogacy in this fiscal note is meant solely for explanatory purposes; it does not suggest that State employees may serve as surrogate parents in any way that would not be lawful under North Carolina statutes.

support the employee through all other available leave programs, including sick leave.

- Paragraph (b) also fulfills the Human Resources Commission’s statutory duty to adopt rules providing “how much leave is to be provided in the event of miscarriage or the death of a child during birth.” G.S. 126-8.6(c1). This paragraph provides that when a fetus dies after the 12th completed week of pregnancy, but before childbirth is complete, the birth parent receives the four weeks of paid leave for physical and mental recuperation. The parents are not eligible for the four weeks of leave for bonding with the child, because in this situation the child has passed away. As noted in paragraph (d) of Rule .1910, agencies are encouraged to support the employee through all other available leave programs, including sick leave and (for employers that make it available) bereavement leave.
- Paragraph (c) explains that when a child dies after childbirth is complete, the child’s death does not reduce the PPL for the parents. Each parent receives the full PPL available to them under Rule .1904: for a full-time eligible employee, eight weeks for the birth parent and four weeks for a non-birth parent. Paragraph (c) does not end the PPL at the time of the child’s death.
- Paragraph (d) reminds agency staff to be flexible in these circumstances, as the employees who have experienced miscarriage or stillbirth will be experiencing bereavement and will need support.

Impact Analysis

The purpose of this analysis is to state the amount of funds that would be expended or distributed as a result of the proposed rule change, explain how the amount was computed, and discern and analyze the impacts attributable to the proposed rules. It is impossible, however, to fully isolate the costs and benefits of the proposed rules from the costs and benefits of the existing PPL program as implemented under statute and Executive Order 95. For this reason, this analysis includes some discussion of the costs and benefits associated with the ongoing PPL program in North Carolina as well as PPL programs in general.

Persons Affected by Proposed Rules

The persons subject to, or affected by, the proposed rules are:

- State executive branch agencies, departments, and institutions;
- The University of North Carolina System and University of North Carolina institutions¹⁹;

¹⁹ The proposed rules will apply only to those state employers and employees that are subject to the State Human Resources Act. However, the statute also establishes that for the University of North Carolina, community colleges, and public school units, the “appropriate governing board, officer, or entity shall adopt rules and policies to award paid parental leave to employees that are substantially equivalent to those adopted by the State Human Resources

- Public school units that elect to provide paid parental leave in accordance with G.S. 126-8.6²⁰;
- State of North Carolina community college institutions²¹; and
- The employees of any of the public-sector employers listed above.

The following table lists the number of employees for these employers.

Table 1: Employee Headcounts

<i>Type of Employer</i>	<i>Employees</i>	<i>Source</i>
State executive branch agencies, departments, and institutions	55,319	²²
The University of North Carolina System and University of North Carolina institutions	47,426	²³
Public school units that elect to provide paid parental leave in accordance with G.S. 126-8.6	173,833	²⁴
State of North Carolina community college institutions	30,053	²⁵

Regulatory Baseline (Conditions Against Which Proposed Rule Is to Be Measured)

In this fiscal note, the impacts of the proposed rules are measured against a world which includes G.S. 126-8.6 and 126-5(c19), plus Executive Order 95 for employees of Cabinet agencies, plus all substance required to appear in the SHRC’s rules under G.S. 126-8.6 and 126-5(c19). This means that the following features of the PPL program, which are required by statute, are part of this fiscal note’s regulatory baseline:

- PPL is provided for “a newborn biological child or a newly placed adopted, foster, or otherwise legally placed child under the age of 18.” G.S. 126-8.6(a)(1). Similarly, an eligible employee becomes a “parent” under the PPL program not only as a result of childbirth, but also for “adoption, foster care, or another legal placement.” G.S. 126-8.6(a)(2).
- PPL is provided to “permanent, probationary, or time-limited” employees. G.S. 126-8.6(b),(c).

Commission.” G.S. 126-8.6(e). For this reason, this fiscal note also analyzes, at a lower level of detail, the indirect impact of the proposed rules for those types of employers who are not subject to the State Human Resources Act.

²⁰ *Ibid.*

²¹ *Ibid.*

²² OSHR analysis of data taken from the HR-Payroll System. Data are as of September 2023. See [Exhibit 7](#), page 1, for these data.

²³ University of North Carolina System, “UNC System Fact Sheets,” tab entitled “Impact and Operations,” available at <https://www.northcarolina.edu/unc-system-fact-sheets/>. The cited number is composed of 14,283 faculty, plus 22,168 staff who are subject to the State Human Resources Act and 10,975 staff who are exempt from the State Human Resources Act. Data are as of Fall 2022.

²⁴ Department of Public Instruction, *Statistical Profile*, Table 16, <http://apps.schools.nc.gov/ords/f?p=145:1>. Data are as of School Year 2022-23.

²⁵ North Carolina Community Colleges System, “Employee Headcount Over Time,” available at <https://www.nccommunitycolleges.edu/about-us/data-reporting/data-dashboards-page/employee-headcount/>. Data are as of October 2023.

- PPL for full-time employees is “(1) Up to eight weeks of paid leave after giving birth to a child; or (2) Up to four weeks of paid leave after any other qualifying event.” G.S. 126-8.6(b)(1)-(2). PPL for part-time employees is prorated. G.S. 126-8.6(c).
- PPL must be available without exhaustion of sick leave, have no cash value upon termination of employment, and may not be used for calculating retirement benefits. G.S. 126-8.6(d).
- PPL applies to all State employees, whether exempt from or subject to the State Human Resources Act. G.S. 126-5(c19) and 126-8.6(e). The University of North Carolina, public schools, and community colleges shall adopt rules and policies that are “substantially equivalent” to those adopted by the SHRC. G.S. 126-8.6(e).
- There must be a rule “providing for a period of minimum service before an employee becomes eligible for parental leave.” There also must be a rule that sets “the maximum number of uses of paid parental leave within a 12-month period.” G.S. 126-8.6(c1). The statute requires only that the rule establish a number on each of these topics, rather than setting the numbers that must appear in the rule. Therefore, the regulatory baseline includes only the duty to set a period of minimum service and a maximum number of uses, rather than including the period and number set in the proposed rules.
- The PPL rules must “provide that the period of minimum service may be met by aggregating employment at any of the following: (1) State agencies, departments, and institutions, including The University of North Carolina. (2) Public school units that provide paid parental leave in accordance with this section. (3) Community colleges located in this State.” G.S. 126-8.6(c1)(1)-(3). These features, found in proposed Rule .1903(c), are part of the regulatory baseline.
- There must be a rule that provides “how much leave is to be provided in the event of miscarriage or the death of a child during birth.” G.S. 126-8.6(c1). The statute requires only that the rule establish how much leave is to be provided, rather than setting the amount of leave. Therefore, the regulatory baseline includes only the duty to provide leave “in the event of miscarriage or the death of a child during birth,” rather than including the specific threshold and amount of leave set in the proposed rules.

By including the statutorily required features of the PPL program in the regulatory baseline, this fiscal note focuses on the topics where the statute gave the SHRC discretion about proposed rules’ substance.

Time Frame, Data Source, and the Labor Market

Paid parental leave has been available to a large portion of state employees since Executive Order 95 went into effect in September 2019. Over time, improvements to the HR-Payroll System have been made that record state executive branch employees’ use of paid parental leave. These data from the HR-Payroll System are the primary data used in this analysis, extrapolated to include the other affected employees.

This fiscal note analyzes the impact of paid parental leave for state employees beginning in September 2019, when paid parental leave began to be available for state employees under Executive Order 95.²⁶ Over time, improvements to the HR-Payroll System have been made that record state executive branch employees' use of paid parental leave. These data from the HR-Payroll System are the primary data source for the figures in this fiscal note. The primary years of data used in this report are calendar years 2021 and 2022 and fiscal year 2022-2023. To the extent this report estimates future trends, the time frame for those estimates is fiscal year 2023-2024 and the subsequent five years.

No information available to OSHR suggests a significant trend changing the usage of paid parental leave. Under the existing Paid Parental Leave Policy, the use of paid parental leave was up 6.6% from calendar year 2020 to calendar year 2021,²⁷ and then the number of state employees using paid parental leave was relatively stable from fiscal year 2021-2022 (1,247 employees) to fiscal year 2022-2023 (1,264 employees).²⁸

Since late 2020, many parts of the United States economy have suffered from a labor shortage, and many workforce statistics for North Carolina state agencies currently do not match pre-2021 historical norms. For example, the vacancy rate among all state agencies was 22.9% in September 2023, while prior to 2021, the vacancy rate generally was in the range of 14%.²⁹ The headcount of state agency employees was 55,319 as of September 2023, while in September 2020, this headcount was 60,909. This decrease in headcount has been heavily concentrated in the Department of Public Safety, Department of Adult Correction, and Department of Health & Human Services. See Exhibit 7, page 1, which is a data table of state agency headcounts from 2019 to present.

The reduction in total state agency headcount may mean that current workforce statistics may not be accurate predictors of the number of employees in the state workforce. In turn, because there are currently fewer state employees than the historical norm, estimating total paid parental leave usage based on current headcounts may underestimate future use of paid parental leave. Under historical norms, state agency headcounts would be in the range of 60,000 to 61,000 employees, not the current level near 55,000. On the other hand, state agencies' reductions in headcount and increase in vacancy rates began more than 30 months ago, and headcounts have now been stable for more than a year despite agencies enhancing their recruitment efforts. A tighter labor market may be the "new normal."

Acknowledging the limitations of using past headcount data to project future headcount, this fiscal note primarily uses current agency headcounts to estimate future usage of paid parental leave. To estimate the effect of paid parental leave if agency headcount returns to historical

²⁶ See Executive Order 95 (Exhibit 3) Section 3(j)

²⁷ Office of State Human Resources, "Executive Order 95 Calendar Year 2021 Report for State Agencies" (May 12, 2022), p. 2.

²⁸ Office of State Human Resources, "Executive Order 95 Report for the Period of July 1, 2021 Through June 30, 2022" (Aug. 31, 2022), p. 7, and "Executive Order 95 Report for the Period of July 1, 2022 Through June 30, 2023" (Sept. 8, 2023), p. 7. The 2022-2023 report, which is described in more detail later in this fiscal note, is attached as Exhibit 8.

²⁹ Source: OSHR analysis of statistics taken from the HR-Payroll System.

norms, OSHR would expect an increase in usage of paid parental leave of approximately 10.1% compared to usage based on September 2020 staffing levels. The calculation for this figure is shown on [Exhibit 7](#), page 2.

Analysis of Costs and Benefits

The proposed rules have only a small impact on the regulatory baseline. This is because 1) many aspects of the proposed rules were expressly required by G.S. 126-8.6, removing any discretion for the SHRC, and 2) most of the remaining aspects of the proposed rules are consistent with Executive Order 95, which limits the impact of those rule elements to those executive branch agencies that did not already participate in the executive order. The incremental impacts are greatest, but still small, for the subset of employers not subject to Executive Order 95 (i.e., community colleges, UNC, public school units, and non-Cabinet agencies).

Overall Benefits of PPL

(1) Balancing work and family obligations

Paid parental leave allows new parents the time needed to recover from childbirth, bond with a new child, and manage new caregiving responsibilities. Having the leave be paid, and having it be part of a formal program, can help employees feel more comfortable taking the time to heal, bond, and care after birth,³⁰ which allows employees to better balance their work and family obligations.

Researchers analyzing the effect of California's paid family leave program found that paid leave increases the likelihood that the mother would take leave (by approximately 6% to 7%) and the length of the leave taken (by approximately 3 weeks).³¹ The researchers found evidence that the mothers who utilized paid parental leave had a subsequent increase in work hours (which is related to productivity) and income that lasted one to three years after the birth of the child. The paid leave rights estimated work hours increased by 6% to 9% for mothers who previously took PPL, approximately 2 to 3 additional hours of work; these increases were statistically significant for mothers of one-year-olds, two-year-olds, and three-year-olds. There was also a positive difference in wage income for mothers who took PPL, although this difference was not statistically significant.³² These findings point to a long-lasting difference created by PPL in mothers' work availability and resulting productivity. Another set of researchers found that paid leave also increases the likelihood that a father will take leave (by

³⁰ See American Psychological Association, *How Employers Can Support Paid Parental Leave* (Apr. 1, 2022), <https://www.apa.org/monitor/2022/04/employers-support-parental-leave>.

³¹ U.S. Bureau of Labor Statistics, "How Paid Family Leave Affects Mothers in the Labor Force," *Monthly Labor Review* (Mar. 2022), p. 66, <https://www.bls.gov/opub/mlr/2012/03/precis.pdf> (summarizing the research by Maya Rossin-Slater, et al. cited in the next footnote).

³² For the statistics cited in last four sentences, see Maya Rossin-Slater et al., *The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes*, National Bureau of Economic Research Working Paper 17715, (Dec. 2011), <https://www.nber.org/papers/w17715>, pages 17, 18, and 32 of PDF, including Table 6.

approximately 1%).³³ The researchers noted that taking paid parental leave was more common in “occupations with higher female employment ... possibly because those occupations have less stigma associated with taking leave.”

When employees can use PPL, instead of exhausting their leave or taking leave without pay, they gain the flexibility to use those other forms of leave for the other needs of daily life. New parents face new financial obligations to care for their children; having to exhaust leave and potentially turn to leave without pay could push parents over the financial tipping point. For new parents, PPL can provide reassurance that their take-home pay can continue after their new child comes home.

(2) Benefits to children

A recent analysis published in the American Psychological Association journal gathered evidence showing significant benefits of PPL for children. The author of the analysis found, “Paid leave is associated with lower infant mortality rates and higher rates of vaccination, especially for families below the poverty line.”³⁴ A study found, “Paid maternity leave was associated with a 5.2% decrease in the neonatal mortality rate, a 2.4% decrease in the infant mortality rate, and a 1.9% decrease in the under-five mortality rate after two years of adoption, when accounting for country-specific time trends.” This was statistically significant.³⁵ The analysis noted higher rates of breastfeeding among mothers with PPL access; breastfeeding has health benefits for children and saves medical expenses.³⁶ A study found paid maternal leave is associated with a distinct profile of brain activity in infants, which could be associated with more mature early cognitive functioning.³⁷ PPL was associated with better language skills in toddlers and fewer infant behavioral problems.³⁸

(3) Distinctive benefit that can serve as a recruitment and retention tool

Paid parental leave can also be an important recruitment and retention tool. Paid parental leave allows public-sector employers to differentiate themselves in the job market from other employers. In March 2023, only 39% of management, professional, and related workers nationwide had access to paid family leave benefits.³⁹ For sales and office employees, this

³³ U.S. Bureau of Labor Statistics, “Does Paid Family Leave Increase Leave Taking Among Fathers?” *Beyond BLS* (Feb. 2016) <https://www.bls.gov/opub/mlr/2016/beyond-bls/does-paid-family-leave-increase-leave-taking-among-fathers.htm> (summarizing Ann Bartel et al., *Paid Family Leave, Fathers’ Leave-Taking, and Leave-Sharing in Dual-Earner Households*, National Bureau of Economic Research Working Paper 21747, (Nov. 2015), <http://www.nber.org/papers/w21747.pdf>).

³⁴ Zara Abrams, “The Urgent Necessity for Paid Parental Leave,” *APA Monitor* 53:3 (Apr. 1, 2022), available at <https://www.apa.org/monitor/2022/04/feature-parental-leave>.

³⁵ M.S. Khan et al., “Paid Family Leave and Children Health Outcomes in OECD Countries,” *Children and Youth Services Review* (Sept. 2020), available at <https://www.sciencedirect.com/science/article/pii/S0190740920306514?via%3Dihub>.

³⁶ Zara Abrams, “The Urgent Necessity for Paid Parental Leave,” cited above in footnote 34.

³⁷ Natalie H. Brito et al., “Paid Maternal Leave is Associated with Infant Brain Function at 3-Months of Age,” available at <https://osf.io/preprints/psyarxiv/t4zvn>.

³⁸ Zara Abrams, “The Urgent Necessity for Paid Parental Leave,” cited above in footnote 34.

³⁹ U.S. Bureau of Labor Statistics, *What Data Does the BLS Publish on Family Leave?* (last modified Sept. 21, 2023), Chart 4, <https://www.bls.gov/ebs/factsheets/family-leave-benefits-fact-sheet.htm>.

figure was 29%. This suggests that paid parental leave offers state agencies a job benefit that most competing private-sector employers currently do not offer.

If the State can differentiate itself using PPL as a distinctive employee benefit, there would be significant benefits from better recruitment and retention. Better recruitment should improve consistency and quality of services to the taxpayers. Better retention ultimately saves state resources spent on hiring and training. The true costs of losing an employee include lost productivity from the screening and interviewing process, the cost of training a new employee, a differential in productivity as the new employee is trained, and an increased chance of cost from errors while the new employee has not yet gained expertise. Estimates of retraining and onboarding costs range from tens of thousands of dollars to twice the employee's annual salary.⁴⁰ Even if retraining and onboarding costs are only \$10,000 per employee, given that state agencies turn over more than 7,000 employees per year, even a small improvement in recruitment and retention would have benefits in the range of \$1 million in savings to the State.

Statistics on Use of State PPL Program

In North Carolina, the paid parental leave program established under Executive Order 95 and G.S. 126-8.6 has proven to be a frequently used benefit for employees. In CY 2022, 896 state agency employees took advantage of this benefit. OSHR's data show that 75% of all employees who had a qualifying event took paid parental leave in 2022.

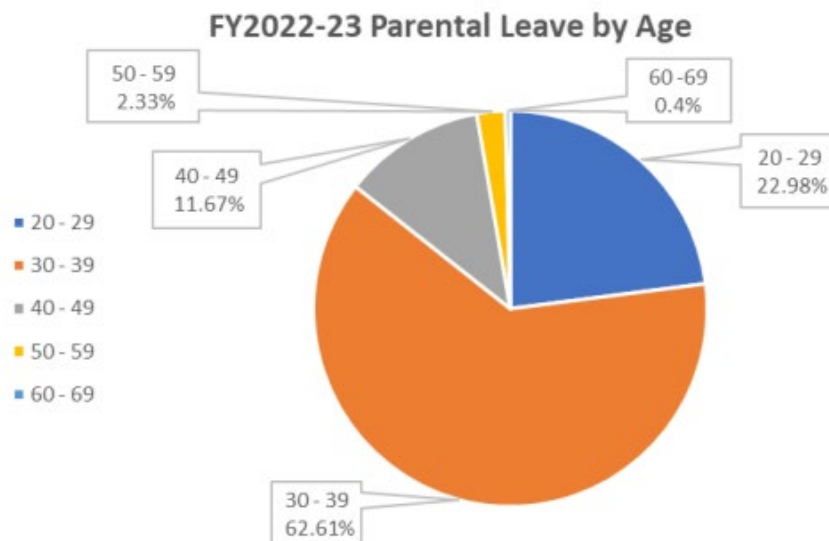
As shown in the annual OSHR PPL report (Exhibit 8), as of June 30, 2023, more than 7,500 state employees used paid parental leave between September 2019 (program inception) and June 30, 2023. In Fiscal Year 2022-2023, a total of 1,264 state employees used paid parental leave. These 1,264 employees received 229,778 total hours of leave, an average of 4.54 weeks of paid leave for employees on a 40-hour work week. The paid leave benefit was used by employees in all age ranges up to 60-69 years of age, but more than half of all employees using paid parental leave were between 30-39 years of age. The following graph, taken from OSHR's annual report on PPL (Exhibit 8, page 6), shows the use of PPL by age.

(continued with graph on next page)

⁴⁰ Josh Bersin, Global Industry Analyst for Deloitte, "Employee Retention Now a Big Issue: Why the Tide Has Turned" (Aug. 16, 2013), <https://www.linkedin.com/pulse/20130816200159-131079-employee-retention-now-a-big-issue-why-the-tide-has-turned/?irgwc=1>.

The current annual turnover rate for state employees, based on November 2023 HR-Payroll System data analyzed by OSHR, is 13.7% twelve-month rolling turnover. For the current state employee headcount, which is 55,319 (see Table 1 earlier in this fiscal note), this is approximately 7,578 employees per year turning over. Eliminating one out of every 100 turnovers through better recruitment and retention – a reduction of the overall turnover number by 75 and a reduction of the annual turnover rate by approximately one-tenth of one percent – would produce \$750,000 of savings at the low-end estimate in Bersin's article of \$10,000 in retraining costs per departed employee.

Figure 1. Use of Paid Parental Leave by Age in Existing (Baseline) PPL Program.



See Exhibit 8 for additional graphs and data on the existing PPL program.

“Cost” of PPL Program; Use of Lapsed Salary to Pay for PPL

This fiscal note, like the OSHR report on PPL attached as Exhibit 8, discusses the “cost” of PPL based on the number of hours of PPL taken by qualifying employees, multiplied by the salary of those employees.

The salary cost figure underestimates the total cost of PPL in that state employees also receive compensation in other forms (e.g., fringe benefits) based on the days when they are in pay status. By law, PPL may not be used for calculating an employee’s retirement benefits and cannot be cashed out upon exit.⁴¹ But if an employee receives PPL and, as a result, avoids using leave without pay, that will result in the employee being in pay status for additional days and receiving compensation in the form of salary plus benefits for those days. In Fiscal Year 2023-2024, the State’s employer contribution rate for retirement and related benefits was an additional 25.02% on top of salary.⁴²

The cost of administering the program is likely to be covered by agencies’ lapsed salary funds. Lapsed salary savings are created when agencies have staffing vacancies; since there is no employee in a position, the budgeted salary for the position is not paid. Under the State Budget Act, “[l]apsed salary savings may be expended only for nonrecurring purposes or line items.”⁴³ Lapsed salary has proven sufficient to cover the costs of the existing PPL program for Cabinet agencies and other participating agencies and institutions from the inception of the program in September 2019 to present. This is likely to continue, because the salary cost of PPL is tiny in comparison to the lapsed salary generated by state agencies. In fiscal year 2022-2023,

⁴¹ G.S. 126-8.6(d)(2)-(3). This matches existing policy; see Exhibit 5, page 11.

⁴² Session Law 2023-134 (2023 Appropriations Act), Section 39.26(b).

⁴³ G.S. 143C-6-9(a).

the salary cost of the PPL program under Executive Order 95 was \$6.28 million in total.⁴⁴ This was less than one percent of the \$1.303 billion in lapsed salary generated by state agencies over that fiscal year.⁴⁵

Because lapsed salary covers the entire cost of PPL for state agencies, the PPL program does not result in a net increase in General Fund appropriations. The only result of PPL is an opportunity cost, since in the absence of PPL, agencies could redirect lapsed salary for another authorized use. These other authorized uses would include property, plant, and equipment costs, purchased services (such as consultants and contractors), and overtime expenses for employees.⁴⁶

Areas of SHRC Discretion

Except where otherwise noted, the analysis in this fiscal note is limited to differences from the regulatory baseline. As a result, this analysis will discuss subject areas where the statute gave the SHRC discretion and where impacts could be attributed to the proposed rule.

(1) How to characterize the eight total weeks of PPL for birth parents and four total weeks of PPL for non-birth parents

Cost in addition to regulatory baseline: zero.

Savings compared to alternatives: nonquantifiable.

The statute requires that the proposed rules must provide that State employees receive “[u]p to eight weeks of paid leave after giving birth to a child,” and “[u]p to four weeks of paid leave after any other qualifying event.”⁴⁷ Therefore, the regulatory baseline includes eight weeks of PPL for birth parents and four weeks of PPL for non-birth parents.

The SHRC has discretion under the statute, however, about how to describe the weeks of leave. Proposed Rule .1904(a)(1)-(2) describes a birth parent’s PPL as “[f]our weeks for physical and mental recuperation, and [f]our additional weeks for bonding with the child.”

⁴⁴ Exhibit 8, page 7. This cost is likely to remain small in comparison to lapsed salary, because the amount of PPL benefits under Executive Order 95 (eight weeks for birth parents and four weeks for non-birth parents) matches the amount of PPL benefits under the new law, and because (as discussed below in this fiscal note) the additional PPL benefits added by the new PPL law for miscarriage and stillbirth will create only a few hundred thousand dollars of additional salary cost.

⁴⁵ N.C. Office of State Budget and Management, *Lapsed Salary Report* (Oct. 11, 2023), <https://www.osbm.nc.gov/ncga-report-lapsed-salary-2023/download?attachment=>, page 3. Comparing this lapsed salary number to the salary cost of PPL under Executive Order 95 is not a completely like-to-like comparison, because Executive Order 95 applies only to Cabinet agencies and other participating executive branch agencies, while the OSBM lapsed salary report provides a number for all executive branch and legislative branch institutions. Nonetheless, as this comparison demonstrates, for any group of state agencies, lapsed salary will be many times larger than the salary cost of PPL.

⁴⁶ *Ibid.*

⁴⁷ G.S. 126-8.6(b)(1),(2). These statutory instructions match Executive Order 95, which provides eight weeks of paid leave for birth parents and four weeks for any other qualifying event. Executive Order 95 §§ 2(e), 3(a), 3(e).

Proposed Rule .1904(2) describes a non-birth parent’s PPL as “four weeks ... for bonding with the child.”

This descriptive choice has no cost to the State. The descriptive terms used to describe leave do not change how much leave an employee receives; that amount is set by statute. Further, even if the descriptive choice produced some kind of cost, it would be part of the baseline because that feature of the PPL program existed before the new statute. The policy implementing Executive Order 95 divided leave into recuperation and bonding time just like the new statute.⁴⁸

The descriptive choice creates a benefit to the State because it causes the PPL program to fit within the constraints of the law. As discussed above, Equal Employment Opportunity Commission guidance and caselaw support PPL programs that are structured as one bank of PPL (in North Carolina’s case, bonding leave) that is available equally to all parents, with birth parents also receiving an additional amount of PPL for physical recovery from childbirth.⁴⁹ North Carolina would face significant risk of legal liability if it were to provide different amounts of bonding leave for mothers and fathers; to avoid litigation risk and potential litigation expenses, the amounts for men and women should match. The only way to do this, within the constraints of the statute, is to have four weeks of bonding PPL available to birth and non-birth parents, plus four weeks of recuperation PPL available only to the birth parent. The savings resulting from potential avoided litigation costs cannot be accurately quantified.

(2) Establish that PPL cannot be donated as voluntary shared leave

Cost in addition to regulatory baseline: zero.

Savings compared to alternatives where voluntary shared leave could be donated: maximum of \$1.29 million per year.

Proposed Rule .1908(e) indicates that an employee may not donate his or her PPL as voluntary shared leave. This is not part of the regulatory baseline, because the statute does not require that the rule contain this provision and it was not part of Executive Order 95. Voluntary shared leave is a program that allows an employee to voluntarily transfer sick or vacation leave to another employee. The recipient of the transferred leave must have a prolonged medical condition. The preexisting rules on voluntary shared leave, 25 NCAC 01E .1302 to .1306, extend the opportunity to donate only for sick and vacation leave; this is consistent with the language in Proposed Rule .1908(e) that prohibits donating PPL.

The SHRC, in its discretion, could rewrite Proposed Rule .1908 and the rules on voluntary shared leave to add PPL to the types of leave that can be donated. This alternative to the proposed rule would create a cost to the State, at maximum, of \$1.29 million per year across executive branch agencies. This number was calculated as follows. In fiscal year 2022-2023, executive branch employees took 83% of the PPL that they were awarded, leaving 47,182.23

⁴⁸ 2019 Paid Parental Leave Policy (Exhibit 4) at Section 5, Page 134.

⁴⁹ See footnote 12 and supporting text.

hours of PPL not taken.⁵⁰ The average salary cost of PPL was \$27.32 per hour.⁵¹ Multiplying the number of hours of PPL by the average salary cost, this would leave a maximum of \$1,289,018 of PPL available to donate as voluntary shared leave. An alternative that allows half of the awarded PPL time to be donated as voluntary shared leave would have half this cost. In practice, the actual cost would be less, as state employees would likely donate only a fraction of their unused PPL. By not allowing PPL to be donated as voluntary shared leave, the SHRC avoids these costs.

(3) Establish details of leave administration for adoption and foster care placement

Cost in addition to regulatory baseline: zero.

Savings compared to alternatives: \$1,150 on average per year.

The statute requires that the adoptive or foster parents receive “[u]p to four weeks of paid leave.”⁵² This decision is part of the regulatory baseline. However, the proposed rules do contain two discretionary points related to adoption or fostering. Proposed Rule .1909 establishes that (i) when a child is put in the care of another person through adoption or foster care, the parent receives no further bonding PPL time, and (ii) that there is no PPL for an unsuccessful fostering or adoption. These two points are not part of the regulatory baseline, because the statute does not require that the rule contain these provisions and they were not part of Executive Order 95.

These proposed rules are based on the logic behind PPL, rather than on any cost or savings. Since the State PPL program is designed to provide recuperation time for the birth parent and bonding time for non-birth parents, it is reasonable to provide recuperation PPL for the time when a birth parent is recovering from childbirth, but not provide bonding PPL during a time period when there is no child present for bonding. These discretionary points do not produce any additional cost to the State. The alternative (to provide PPL when a child is given up for adoption or for unsuccessful fostering/adoption) would provide more PPL at cost to the State but without the intended benefits associated with bonding. Foregoing the extension of PPL in these scenarios provides a small estimated savings of \$1,150 total across all executive branch agencies per year.⁵³

⁵⁰ In fiscal year 2022-2023, 797 employees were awarded 4 weeks (160 hours) of PPL, while 467 employees were awarded 8 weeks (320 hours) of PPL. Exhibit 8, page 7. This produces a total of 276,960 hours of awarded PPL, equal to $797 \times 160 + 467 \times 320$. 229,777.77 hours of PPL were taken. Exhibit 8, page 8. Therefore, 83% of the awarded time was used, equal to 229,777.77 divided by 276,960. A total of 47,182.23 hours of awarded PPL was not taken, equal to 276,960 minus 229,777.77.

⁵¹ In fiscal year 2022-2023, the total salary cost of PPL was \$6,278,180.21. Exhibit 8, page 8. The number of hours taken was 229,777.77. Exhibit 8, page 8. Therefore, the cost of PPL was \$27.32 per hour, equal to \$6,278,180.21 divided by 229,777.77.

⁵² G.S. 126-8.6(b)(2).

⁵³ In North Carolina, 0.24% of children enter foster care each year. Only 6.6% of children in foster care are under one year old (which is the time period when PPL might be available to the parents of the child who is being placed in foster care). U.S. Department of Health & Human Services, Children’s Bureau Child Welfare Outcomes, North Carolina, <https://cwoutcomes.acf.hhs.gov/cwodatasite/pdf/north%20carolina.html>. Multiplying 0.24% by 6.6%, it appears that no more than 0.016% of children enter foster care in the first year after birth. In fiscal year 2022-2023,

(4) Establish whether PPL ends at the time when a newborn child dies

Cost in addition to regulatory baseline: no more than \$49,954 per year

The PPL statute specifies that parents shall receive PPL “after giving birth to a child” or “after any other qualifying event,” but does not specify whether this PPL should end if the child dies in the hours or days following birth. This is also not specified in Executive Order 95. Proposed Rule .1910(c) provides that PPL is not cut off in these circumstances. As such, this is not part of the regulatory baseline.

If this rule is adopted by the SHRC, it would be a determination that the PPL benefit should be unreduced for both parents following this event, as the parents of a child who has died are certain to be experiencing extreme grief and trauma. “The death of a child is one of the most painful events that an adult can experience and is linked to complicated/traumatic grief reactions.”⁵⁴

The cost of allowing PPL to continue in these circumstances is small. In fiscal year 2022-2023, 1,264 state employees used PPL under Executive Order 95.⁵⁵ Because the PPL statute requires additional agencies to provide PPL that did not participate in Executive Order 95, and those agencies (primarily DST and DOI) add 1.78% to the headcount of employees who received PPL under the executive order, this number would be expected to increase by 1.78% to 1286.5 employees on average who take PPL under the new statute each year.⁵⁶ The infant mortality rate, for children younger than 1 year, was 6.8 per 1,000 live births (0.68%).⁵⁷ As a result, on average, 0.68% of the 1286.5 state employees expected to take PPL would be expected to experience mortality of their child within the first year of the child’s life. This equates to approximately 8.75 state employees on average each year. Multiplying 8.75 by the average salary cost of PPL, which is \$5,710.17 per employee who takes PPL,⁵⁸ produces a cost estimate

1264 state employees took PPL. Exhibit 8, page 7. At a rate of 0.016%, it would be expected that 0.2 employees per year (or one employee every five years) would place a child into foster care after childbirth. The average cost of PPL is \$5,710 per employee who takes PPL. Exhibit 8, page 6. This suggests that the annual savings from foregoing the extension of bonding PPL would be, on average, \$1,150 total across all executive branch agencies per year.

⁵⁴ Catherine H. Rogers *et al.*, “Long-Term Effects of the Death of a Child on Parents’ Adjustment in Midlife,” *Journal of Family Psychology*, 22(2), 203-211 (2008), available through PubMed at [https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2841012/#:~:text=For%20parents%2C%20the%20dissolution%20of,child%20\(Gilbert%2C%201997\).](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2841012/#:~:text=For%20parents%2C%20the%20dissolution%20of,child%20(Gilbert%2C%201997).)

⁵⁵ Exhibit 8, p. 7.

⁵⁶ Before the new statute, the Department of Insurance and Department of State Treasurer elected to not participate in paid parental leave under Executive Order 95 and the Paid Parental Leave Policy. Exhibit 8 (OSHR Paid Parental Leave Report for FY 2022-2023), pp. 3-4. DOI, DST, and all other state executive branch departments and institutions are now required to provide paid parental leave after implementation of the new statute. G.S. 126-5(c19), 126-8.6(e). Based solely on the additional headcount created by adding these agencies, boards, and institutions to the paid parental leave program, OSHR would expect an increase in usage of paid parental leave of approximately 1.78%. Exhibit 9 shows this calculation.

⁵⁷ N.C. Department of Health & Human Services, *North Carolina Vital Statistics*, Vol. 1, “Selected Vital Statistics for 2021 and 2017-2021,” available at <https://schs.dph.ncdhhs.gov/data/vital/volume1/2021/2021-VS-Vol1-NC-StateTables.pdf>.

⁵⁸ Exhibit 8, p. 6.

of \$49,954 per year. In reality, this number would be a high-end estimate of the cost, since some child mortality within the first year would likely occur after the parents already took their eight or four weeks of PPL.

(5) Establish the amount of PPL for miscarriage or death of a child during birth

Cost of alternative (2 weeks of PPL for birth parent and no PPL for non-birth parent) in addition to regulatory baseline: \$49,828.77 (\$6,649.29 per year for pregnancy losses at 20 weeks or higher, plus \$43,179.48 for pregnancy losses before 20 weeks)

Cost of proposed rule (4 weeks of PPL for birth parent and no PPL for non-birth parent) in addition to regulatory baseline: \$99,657.53 (\$13,298.57 per year for pregnancy losses at 20 weeks or higher, plus \$86,359.96 for pregnancy losses before 20 weeks)

Cost of alternative (8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent) in addition to regulatory baseline: \$369,054.55 (\$49,293 per year for pregnancy losses at 20 weeks or higher, plus \$319,761.55 for pregnancy losses before 20 weeks)

The PPL statute requires that the SHRC “adopt rules and policies providing for ... how much leave is to be provided in the event of a miscarriage or the death of a child during birth.”⁵⁹ However, the statute does not establish the amount of PPL that must be provided in these circumstances. Proposed Rule .1910(b) provides that in these circumstances, the birth parent shall receive the four weeks of recuperation PPL, but both parents shall not receive the four weeks of PPL for bonding with the child.

This provides the benefit of allowing the birth parent time to physically and mentally recover from miscarriage or stillbirth. Both events can have long-lasting physical and mental effects.⁶⁰ Especially for stillbirths that occur later in pregnancy, the physical birth process may be identical to the delivery of a healthy baby. It is reasonable to give the birth parent an opportunity to recover.

On PPL for pregnancy loss, as with all the proposed rules analyzed in this document, the rules must strike a balance between reducing system-wide salary costs while still carrying out the statutory mandate and providing the benefits of PPL described in this note. There is a tension, in proposing PPL rules, between maximizing the benefits of PPL that flow to state agencies, university institutions, and indirectly to public school units and community college institutions (through enhanced recruitment and retention) and to their employees (through better balance of work and family obligations and through giving time for birth parents to recover from the physical effects of childbirth, miscarriage, or stillbirth), on the one hand, and minimizing the

⁵⁹ G.S. 126-8.6(c1). The statute reads “how much leave is to be provided,” suggesting that some leave should be provided for pregnancy loss. As a result, the proposed rule and two alternatives described in this part of the fiscal note all provide some level of PPL for pregnancy loss. If the statute were read to allow the SHRC to provide no PPL for pregnancy loss, the salary cost for that additional alternative, compared to the regulatory baseline, would be zero, since the regulatory baseline has no PPL for pregnancy loss. This no-PPL alternative also would not provide any of the benefits associated with PPL for pregnancy loss, as discussed in the text supporting footnote 60 below.

⁶⁰ For a general discussion of the physical and emotional effects of miscarriage, see WebMD, “What Is a Miscarriage?” <https://www.webmd.com/baby/understanding-miscarriage-basics>.

salary costs generated from those PPL benefits (which are borne directly by state agencies and university institutions and indirectly by public school units and community college units), on the other hand. The proposed rules discussed in this fiscal note attempt to find a balance that fulfills the statutory mandate of the statute and provides the benefits of PPL (including but not limited to the benefits of PPL for pregnancy loss) while reducing burdens on employers by keeping costs at a reasonable level near the costs of the existing program under Executive Order 95.

To estimate the cost of PPL for miscarriage or stillbirth, SHRC staff have extrapolated the costs associated with implementing the PPL program under Executive Order 95. As described further below, those costs were increased to reflect that the PPL program will apply to additional state employees and to reflect the expansion of the program to provide PPL for miscarriage or stillbirth. Due to limitations on available pregnancy loss data, we have divided the analysis into two groups: pregnancy loss that occurs at Week 20 or later, and pregnancy loss that occurs at Weeks 13-19. Impacts for each group are added together to estimate the total impacts of the proposed rule.

Pregnancy loss in week 20 or higher. In 2020, the CDC reported that the fetal mortality rate, defined as fetal deaths at 20 weeks of gestation or more per 1,000 live births and fetal deaths, was 5.74 nationally.⁶¹ (This is a rate of 0.574%.) North Carolina's fetal mortality rate was a bit higher at 5.9 for the year 2021 and 6.4 for the years 2017-2021.⁶² (These are rates of 0.59% and 0.64%, respectively.)

To estimate the impact of the proposed rule, staff began by increasing the number of employees who took PPL in fiscal year 2022-2023 to reflect the expansion of the PPL program to additional agencies who did not participate in Executive Order 95. This is expected to increase the number of employees taking PPL by 1.78%.⁶³ To estimate the impact of the proposed rule extending PPL to miscarriage and stillbirth, multiplied the expected number of employees expected to take PPL by the reported fetal death rate, 0.64% (matching the higher of the North Carolina rates given above). This produced the number of expected employees receiving PPL for miscarriage or stillbirth. This number of expected employees was then multiplied by the average cost of PPL under Executive Order 95. See Table 2, below, for the calculations.

(continued with table on next page)

⁶¹ U.S. Centers for Disease Control and Prevention, National Center for Health Statistics, "Fetal Mortality: United States, 2020," *National Vital Statistics Reports* vol. 71, no. 4 (Aug. 4, 2022), <https://www.cdc.gov/nchs/data/nvsr/nvsr71/nvsr71-04.pdf>.

⁶² N.C. Department of Health & Human Services, *North Carolina Vital Statistics*, Vol. 1, "Selected Vital Statistics for 2021 and 2017-2021," available at <https://schs.dph.ncdhhs.gov/data/vital/volume1/2021/2021-VS-Vol1-NC-StateTables.pdf>. Definitions of terms used in this DHHS vital statistics table can be found in the broader vital statistics report. The broader report has not yet been published for 2021 but will be available at <https://schs.dph.ncdhhs.gov/data/vital/volume1/2021/>. The broader 2020 report, including definitions, can be found at <https://schs.dph.ncdhhs.gov/data/vital/volume1/2020/Volume1-2020.pdf>.

⁶³ See Exhibit 9 and the footnote discussing this calculation in the previous section entitled "Establish whether PPL ends at the time when a newborn child dies."

Table 2A. Analysis of miscarriage/stillbirth PPL to birth parents for proposed rule, along with two alternatives.

		Proposed rule: 4 weeks of PPL for birth parent	Alternative: 2 weeks of PPL for birth parent	Alternative: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent
<i>Note: all costs in this table are for pregnancy losses at 20 weeks or higher. See Table 4 for pregnancy losses before 20 weeks.</i>				
Birth parents receiving PPL under Executive Order 95 (per Exhibit 8, page 7)		467	467	467
Expected increase in PPL program to reflect agencies that did not participate in Executive Order 95, but must provide PPL under the new statute (per Exhibit 9)	x	101.78%	101.78%	101.78%
Birth parents expected to receive PPL under new law	=	475.31	475.31	475.31
Rate of pregnancy loss at 20 weeks or higher (per DHHS Vital Statistics)	x	0.64%	0.64%	0.64%
Additional birth parents expected to receive PPL as a result of miscarriage or stillbirth	=	3.04	3.04	3.04
Average salary cost of PPL per hour of PPL (per Exhibit 8, page 8: \$6,278,180.21 divided by 229,777.77 hours)		\$ 27.32	\$ 27.32	\$ 27.32
Number of hours of PPL	x	160	80	320
Average salary cost of PPL for proposed rule or alternative	=	\$4,371.65	\$2,185.83	\$8,743.31
Additional birth parents expected to receive PPL as a result of miscarriage or stillbirth (from calculation above)	x	3.04	3.04	3.04
Salary cost as a result of PPL being extended to birth parents for miscarriage or stillbirth (total for entire program across all executive branch agencies, per year)	=	\$13,298.57	\$6,649.29	\$26,597.15

Table 2B. Analysis of miscarriage/stillbirth PPL to non-birth parents for proposed rule, along with two alternatives.

		Proposed rule: 4 weeks of PPL for birth parent	Alternative: 2 weeks of PPL for birth parent	Alternative: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent
<i>Note: all costs in this table are for pregnancy losses at 20 weeks or higher. See Table 4 for pregnancy losses before 20 weeks.</i>				
Non-birth parents receiving PPL under Executive Order 95		797	797	797
Expected increase in PPL program to reflect agencies that did not participate in Executive Order 95, but must provide PPL under the new statute (per Exhibit 9)	x	101.78%	101.78%	101.78%
Birth parents expected to receive PPL under new law	=	811.19	811.19	811.19
Rate of pregnancy loss at 20 weeks or higher (per DHHS Vital Statistics)	x	0.64%	0.64%	0.64%
Additional non-birth parents expected to receive PPL as a result of miscarriage or stillbirth	=	5.19	5.19	5.19
Average salary cost of PPL per hour of PPL (per Exhibit 8, page 8: \$6,278,180.21 divided by 229,777.77 hours)		\$ 27.32	\$ 27.32	\$ 27.32
Number of hours of PPL	x	-	-	160
Average salary cost of PPL for proposed rule or alternative	=	\$0.00	\$0.00	\$4,371.65
Additional birth parents expected to receive PPL as a result of miscarriage or stillbirth (from calculation above)	x	5.19	5.19	5.19
Salary cost as a result of PPL being extended to non-birth parents for miscarriage or stillbirth (total for entire program across all executive branch agencies, per year)	=	\$0.00	\$0.00	\$22,695.85

Table 2C. Summary of salary cost for miscarriage/stillbirth PPL from proposed rule, along with two alternatives.

		Proposed rule: 4 weeks of PPL for birth parent	Alternative: 2 weeks of PPL for birth parent	Alternative: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent
<i>Note: all costs in this table are for pregnancy losses at 20 weeks or higher. See Table 4 for pregnancy losses before 20 weeks.</i>				
Salary cost as a result of PPL being extended to birth parents for miscarriage or stillbirth (per Table 2A above)		\$13,298.57	\$6,649.29	\$26,597.15
Salary cost as a result of PPL being extended to non-birth parents for miscarriage or stillbirth (per Table 2B above)	+	\$0.00	\$0.00	\$22,695.85
Total salary cost as a result of PPL being extended to non-birth parents for miscarriage or stillbirth (total for entire program across all executive branch agencies, per year)	=	\$13,298.57	\$6,649.29	\$49,293.00

As can be seen above, under the proposed rule an additional 3.04 birth parents would qualify for PPL each year at state agencies as a result of pregnancy losses at or before 20 weeks.

The proposed rule, by providing four weeks of PPL to these employees (at \$4,371.65 per employee), would be expected to cost an average of \$13,298 each year, total, across all executive branch agencies for these 3.04 employees. See Table 2, first column. This calculation is only for mortality that is at or after the 20th week of pregnancy, because only those fetal deaths are tracked in the North Carolina Vital Statistics rate. This entire amount is an addition to the regulatory baseline.

If the rule instead provided two weeks of PPL for miscarriage or stillbirth, that alternative would be expected to cost \$6,649 each year, total, across all executive branch agencies. See Table 2, second column. This alternative's cost is \$6,649 less than the proposed rule.

If the rule instead provided PPL for both birth parents and non-birth parents in the case of miscarriage or stillbirth, and if the rule provided the same amount of PPL for these parents as for children who survive childbirth, that alternative would be expected to cost \$49,293 each year, total, across all executive branch agencies. See Table 2, third column. This alternative's cost is \$35,995 more than the proposed rule. This would still be a relatively small cost when compared to the total cost for the paid parental leave program (\$6.28 million in fiscal year 2022-2023 for state agencies).⁶⁴ However, for the proposed rule, the decision was made to keep the use of PPL consistent with the structure in other aspects of the program. In the PPL program as it has existed under Executive Order 95 and would exist under the proposed rule, each parent receives four weeks for bonding with the new child. In the existing structure, this bonding time does not continue when the child is not present, unless the child died after he or she was born. As noted in paragraph (d) of Rule .1910, agencies are encouraged to support the employee through all other available leave programs, including sick leave and (for employers that make it available) bereavement leave.

Pregnancy loss in week 19 or lower. It is much more difficult to estimate salary costs from PPL due to pregnancy losses before the 20th week of gestation. This is because these pregnancy losses are not reportable to the state or national Centers for Health Statistics.⁶⁵ As a result, there is no equivalent annual fetal mortality rate to apply to the total number of pregnancies.

In lieu of an equivalent fetal mortality rate from an official source, we applied the findings of a U.S. study of miscarriage risk from 2013.⁶⁶ This study identified a week-specific

⁶⁴ Exhibit 8, page 8.

⁶⁵ N.C. Department of Health and Human Services, Division of Public Health, *North Carolina Vital Statistics, Volume 1* (Oct. 2022), page labeled as "1-22", <https://schs.dph.ncdhhs.gov/data/vital/volume1/2020/Volume1-2020.pdf>.

⁶⁶ Sudeshna Mukherjee et al., "Risk of Miscarriage Among Black Women and White Women in a US Prospective Cohort Study," *American Journal of Epidemiology* vol. 177, no. 11, p. 1276 figure 1 (Apr. 4, 2013), <https://academic.oup.com/aje/article/177/11/1271/97504>. Maternal age is one of the two "strongest predictors of miscarriage." Mukherjee at p. 1271. (On this topic, see generally Anne-Marie Nybo Andersen et al. "Maternal Age and Fetal Loss: Population Based Register Linkage Study," *BMJ* 320(7251): 1708-1712 (June 24, 2000), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC27416/>.) The Mukherjee sample had a mean maternal age of 29.8 for whites and 26.5 for blacks. This is likely younger than the average age of birth mothers who will take PPL in state agencies. See Exhibit 8, page 9, which shows age statistics in the existing PPL program under Executive Order 95. In the existing program, no state agency employees who took PPL were younger than 20, 345 were age 20 to 29,

probability of pregnancy loss among participants in a government program. The 2013 study is dated, and its estimates of pregnancy loss by week are approximate, but to date in the development of this fiscal note, it appears to be the best available source on a topic where official government statistics are not available and where research is sparse. If additional sources are found on this topic, this section will be updated, and the tables affected by this section will be updated throughout the document. In the 2013 study, the risk of pregnancy loss was approximately 2.75% in the 8th through 9th weeks of pregnancy, approximately 2.0% in the 10th through 12th weeks of pregnancy, approximately 1.5% in the 13th week, approximately 0.75% in the 14th week, approximately 0.5% in the 15th and 16th weeks, and then approximately 0.3% for the 17th through 19th weeks. We made the conservative assumption that the risk of pregnancy loss would be cumulative for each week. See Table 3, below, for the estimate of the resulting number of state employees who would be estimated to become eligible for PPL because of a miscarriage.

Number of executive branch employees receiving PPL under Executive Order 95 (per Exhibit 8, page 9)			1,264	
Expected increase in PPL program to reflect agencies that did not participate in Executive Order 95, but must provide PPL under the new statute (per Exhibit 9)	x		101.78%	
Average potential parents, per year, in executive branch agencies who are eligible for PPL and whose children survive birth	=		1,286.50	

	Pregnancy loss rate (smoothed estimate from Fig. 1 in Mukherjee et al.)		Average potential parents, per year, in executive branch agencies who are eligible for PPL and whose children survive birth (from Table 3A)	=	Estimated PPL-eligible parents who suffer a miscarriage
Week 8	2.75%	x	1,286.50	=	35.4
Week 9	2.75%	x	1,286.50	=	35.4
Week 10	2.00%	x	1,286.50	=	25.7
Week 11	2.00%	x	1,286.50	=	25.7
Week 12	2.00%	x	1,286.50	=	25.7
Week 13	1.50%	x	1,286.50	=	19.3
Week 14	0.75%	x	1,286.50	=	9.6
Week 15	0.50%	x	1,286.50	=	6.4
Week 16	0.50%	x	1,286.50	=	6.4
Week 17	0.30%	x	1,286.50	=	3.9
Week 18	0.30%	x	1,286.50	=	3.9
Week 19	0.30%	x	1,286.50	=	3.9
					Estimated PPL-eligible parents who suffer a miscarriage
					Number of parents (from Table 3A)
					Cumulative pregnancy loss rate
			Total for Weeks 13 to 19	÷	53.4 ÷ 1,286.50 = 4.2%
			Total for Weeks 8 to 19	÷	201.3 ÷ 1,286.50 = 15.7%

	Estimated PPL-eligible parents who suffer a miscarriage (from Table 3B)		Percentage of PPL-taking parents who are birth parents	=	Estimated PPL-eligible birth parents who suffer a miscarriage
Weeks 13 to 19	53.4	x	37%	=	19.8
Weeks 8 to 19	201.3	x	37%	=	74.5

728 were age 30 to 39, and 191 were age 40 or above. This suggests that the probability of pregnancy loss will be higher for state employees than the figures shown in Table 3B, which are derive from the younger group of people in the Mukherjee study.

Based on this analysis, we estimate that an additional 53.4 employees at executive branch agencies, per year, would become eligible for PPL from the proposed rule, which provides PPL for pregnancy losses after the 12th completed week of pregnancy.

The cost of an additional 53.4 employees receiving PPL is shown below in Table 4. (This analysis assumes that the 53.4 employees are distributed between birth parents and non-birth parents in the same proportion as existing employees taking PPL: 37% birth parents and 63% non-birth parents.)⁶⁷

(continued with table on next page)

⁶⁷ Exhibit 8, page 7, shows that 797 of the 1264 employees (63%) taking PPL in fiscal year 2022-2023 took four weeks of leave for non-birth parents, while 467 of the 1264 employees (37%) taking PPL were birth parents.

Table 4A. Analysis of miscarriage/stillbirth PPL to birth parents for proposed rule, along with two alternatives.				
<i>Note: all costs in this table are for pregnancy losses at 19 weeks or earlier. See Table 4 for pregnancy losses before 20 weeks. Also, please note that these figures are approximate and based on very limited data.</i>		Proposed rule: 4 weeks of PPL for birth parent	Alternative: 2 weeks of PPL for birth parent	Alternative: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent
Average salary cost of PPL per hour of PPL (per Exhibit 8, page 8: \$6,278,180.21 divided by 229,777.77 hours)		\$ 27.32	\$ 27.32	\$ 27.32
Number of hours of PPL	x	160	80	320
Average salary cost of PPL for proposed rule or alternative	=	\$4,371.65	\$2,185.83	\$8,743.31
Birth parents expected to receive PPL for miscarriage before 20 completed weeks of pregnancy (53.4 employees, per Table 3B, multiplied by 37%)	x	19.8	19.8	19.8
Salary cost as a result of PPL being extended to birth parents for miscarriage or stillbirth before 20 weeks of pregnancy (total for entire program across all executive branch agencies, per year)	=	\$86,358.96	\$43,179.48	\$172,717.92

Table 4B. Analysis of miscarriage/stillbirth PPL to non-birth parents for proposed rule, along with two alternatives.				
<i>Note: all costs in this table are for pregnancy losses at 19 weeks or earlier. See Table 4 for pregnancy losses before 20 weeks. Also, please note that these figures are approximate and based on very limited data.</i>		Proposed rule: 4 weeks of PPL for birth parent	Alternative: 2 weeks of PPL for birth parent	Alternative: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent
Average salary cost of PPL per hour of PPL (per Exhibit 8, page 8: \$6,278,180.21 divided by 229,777.77 hours)		\$ 27.32	\$ 27.32	\$ 27.32
Number of hours of PPL	x	-	-	160
Average salary cost of PPL for proposed rule or alternative	=	\$0.00	\$0.00	\$4,371.65
Non-birth parents expected to receive PPL for miscarriage before 20 completed weeks of pregnancy (53.4 employees, per Table 3B, multiplied by 63%)	x	33.6	33.6	33.6
Salary cost as a result of PPL being extended to non-birth parents for miscarriage or stillbirth before 20 weeks of pregnancy (total for entire program across all executive branch agencies, per year)	=	\$0.00	\$0.00	\$147,043.63

Table 4C. Summary of salary cost for miscarriage/stillbirth PPL from proposed rule, along with two alternatives.				
<i>Note: all costs in this table are for pregnancy losses at 19 weeks or earlier. See Table 4 for pregnancy losses before 20 weeks. Also, please note that these figures are approximate and based on very limited data.</i>		Proposed rule: 4 weeks of PPL for birth parent	Alternative: 2 weeks of PPL for birth parent	Alternative: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent
Salary cost as a result of PPL being extended to birth parents for miscarriage or stillbirth before 20 weeks of pregnancy (total for entire program across all executive branch agencies, per year)		\$86,358.96	\$43,179.48	\$172,717.92
Salary cost as a result of PPL being extended to non-birth parents for miscarriage or stillbirth before 20 weeks of pregnancy (total for entire program across all executive branch agencies, per year)	+	\$0.00	\$0.00	\$147,043.63
Total salary cost as a result of PPL being extended for miscarriage or stillbirth before 20 weeks of pregnancy (total for entire program across all executive branch agencies, per year)	=	\$86,358.96	\$43,179.48	\$319,761.55

Table 5 puts together the PPL program cost estimates for Table 2, which listed cost estimates for pregnancy losses in the 20th or higher week of pregnancy, and Table 4, which listed cost estimates for pregnancy losses before the 20th week.

Table 5. Compilation of analyzed miscarriage/stillbirth PPL salary costs for proposed rule, along with two alternatives.				
<i>(All figures total for entire program across all executive branch agencies, per year)</i>		Proposed rule: 4 weeks of PPL for birth parent	Alternative: 2 weeks of PPL for birth parent	Alternative: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent
Total salary cost as a result of PPL being extended for miscarriage or stillbirth at or after 20th week of pregnancy (from Table 2C)		\$13,298.57	\$6,649.29	\$49,293.00
Total salary cost as a result of PPL being extended for miscarriage or stillbirth before 20 weeks of pregnancy (from Table 4C)	+	\$86,358.96	\$43,179.48	\$319,761.55
Total estimated salary cost	=	\$99,657.53	\$49,828.77	\$369,054.55

As shown in Table 5, the proposed rule (which provides for miscarriage four weeks of PPL, available only to the birth parent) has an expected salary cost of \$99,657.53 per year. If the program provided two weeks of PPL to the birth parent, this cost would be halved. If the program provided the same amount of PPL for miscarriage as for a birth where the child survives, the cost of the program would be between three and four times higher, at \$369,054.55 per year across executive branch agencies.

These costs could be compared to the overall PPL program, which had a total salary cost of \$6,278,180 in fiscal year 2022-2023.⁶⁸ (This \$6.278 million cost is part of the regulatory baseline.) The proposed rule’s PPL for miscarriage would be expected to increase the program’s total salary cost by \$99,657, or 1.6%. The two-week PPL alternative would increase the program’s total salary cost by 0.8%. The alternative that provides the same amount of PPL for miscarriage as for a birth where the child survives would be expected to increase the program’s total salary cost by \$319,761.55, or 6%.

(6) Establish the number of weeks into a pregnancy at which point a pregnancy loss is a qualifying event that produces PPL

Cost of alternative (8 week threshold) in addition to regulatory baseline: \$338,963.76

Cost of proposed rule (12 week threshold) in addition to regulatory baseline: \$99,657.53 (already taken into account above in previous section)

Cost of alternative (19 week threshold) in addition to regulatory baseline: \$13,298.57

The PPL statute requires that the SHRC “adopt rules and policies providing for ... how much leave is to be provided in the event of a miscarriage or the death of a child during birth.”⁶⁹ However, the statute does not establish the number of weeks after which a pregnancy loss becomes a qualifying event for PPL. PPL for miscarriage or stillbirth is also not part of Executive Order 95. Therefore, this number of weeks is not part of the regulatory baseline.

The U.S. Centers for Disease Control (CDC) writes: “In the United States, a miscarriage is usually defined as loss of a baby before the 20th week of pregnancy, and a stillbirth is loss of a

⁶⁸ Exhibit 8, page 7.

⁶⁹ G.S. 126-8.6(c1).

baby at or after 20 weeks of pregnancy.”⁷⁰ The World Health Organization defines stillbirth as a “baby who dies after 28 weeks of pregnancy, but before or during birth.”⁷¹ The International Classification of Diseases, which is prepared by the World Health Organization, defines stillbirths as “the death of a fetus that has reached a birth weight of 500 g.”⁷² Given the lack of consistent and common terminology, staff prefer to avoid a formal definition and instead refer to the development of a pregnancy by the number of completed weeks.

Proposed Rule .1910(a) and (b) establish that PPL is provided “when a fetus dies after the 12th completed week of pregnancy,” but when “a fetus dies before 12 weeks of the pregnancy were complete,” it is not a qualifying event producing PPL. The 12-week threshold in proposed Rule .1910 is consistent with Part I of Session Law 2023-14, which enacted G.S. 126-8.6. Table 6 below analyzes the cost of PPL under the proposed rule (with a 12-week threshold) compared to alternatives with an 8-week threshold or 19-week threshold.

Table 6. Analysis of salary cost of PPL for miscarriages after the 12th week of pregnancy, along with two alternatives.				
<i>Note: Assumes PPL for miscarriage is four weeks for birth parent and zero weeks for non-birth parent (matching proposed rule)</i>		Proposed rule: PPL if miscarriage occurs after 12th completed week of pregnancy	Alternative: PPL if miscarriage occurs after 8th completed week of pregnancy	Alternative: PPL if miscarriage occurs after 19th completed week of pregnancy
Average salary cost of PPL per hour of PPL (<i>per Exhibit 8, page 8: \$6,278,180.21 divided by 229,777.77 hours</i>)		\$ 27.32	\$ 27.32	\$ 27.32
Number of hours of PPL	x	160	160	160
Cost of providing PPL to an eligible employee who had a miscarriage	=	\$ 4,371.65	\$ 4,371.65	\$ 4,371.65
Estimated PPL-eligible birth parents who suffer a miscarriage in a time period before the 20th week, but after the threshold shown in the column to the right (<i>per year, from Table 3C</i>)	x	19.8	74.5	0
		for weeks 13 to 19	for weeks 8 to 19	PPL starts at week 20
Total salary cost of PPL for miscarriages before 20th week (<i>total for entire program across all executive branch agencies, per year</i>)	=	\$86,358.50	\$325,665.19	\$0.00
Total salary cost of PPL for miscarriages at or after 20th week (<i>total for entire program across all executive branch agencies, per year</i>) (<i>from Table 2</i>)	+	\$13,298.57	\$13,298.57	\$13,298.57
Total salary cost of PPL for miscarriages (<i>total for entire program across all executive branch agencies, per year</i>)	=	\$99,657.07	\$338,963.76	\$13,298.57

The costs shown above are not separate from the costs shown in Table 5; Table 6 is meant to be a sensitivity analysis to show the effect of changing the number of weeks in pregnancy at which a birth parent would become eligible for PPL. Providing PPL for miscarriages after an 8-week threshold would increase the program cost to \$338,963.76 above the regulatory baseline, an increase of \$239,306.69 over the proposed rule. Providing PPL for miscarriages only at the beginning of the 20th week would decrease the program cost to \$13,298.57 above the regulatory threshold, a savings of \$86,358.50 over the proposed rule.

⁷⁰ U.S. Centers for Disease Control and Prevention, *What Is Stillbirth?* (last updated Sept. 29, 2022), <https://www.cdc.gov/ncbddd/stillbirth/facts.html>.

⁷¹ World Health Organization, *Stillbirth* (accessed Dec. 16, 2023), https://www.who.int/health-topics/stillbirth#tab=tab_1.

⁷² Fernanda Tavares da Silva, “Stillbirth: Case definition and guidelines for data collection, analysis and presentation of maternal immunization safety data,” *Vaccine* (Dec. 1, 2016), Table 1, available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5139804/>

These costs are small compared to the cost of the overall PPL program, which had a total salary cost of \$6,278,180 in fiscal year 2022-2023.⁷³ (These existing costs are part of the regulatory baseline.) Four weeks of PPL to the birth mother for miscarriages after 12 weeks of pregnancy would increase the existing program's cost by 1.6%. Four weeks of PPL to the birth mother for miscarriages after 8 weeks of pregnancy would increase the existing program's cost by 5.4%. Four weeks of PPL to the birth mother for miscarriages after 20 weeks of pregnancy would increase the existing program's cost by 0.2%.

If the SHRC were to choose to combine the most expensive PPL program alternatives shown above, it would increase the cost of the PPL program by \$1.255 million over the rules as proposed. Table 7 provides this estimate of annual cost for a program that combines the most expensive alternatives evaluated:

- 8 weeks of PPL for the birth parent and 4 weeks of PPL for the non-birth parent. (This alternative was discussed above in Tables 2C and 4C, but as shown in Table 7, the salary cost is higher when paired with the alternative discussed in the next bullet point.)
- PPL for any miscarriage beginning after the 8th completed week of pregnancy. (This alternative was discussed above in Table 6, but as shown in Table 7, the salary cost is higher when paired with the alternative discussed in the bullet point immediately above.)

This combination of alternatives would increase the annual cost to the State by approximately \$1.255 million over the regulatory baseline, increasing the existing (baseline) program's cost by 20%.

(continued with table on next page)

⁷³ Exhibit 8, page 7.

Table 7. Analysis of cost for combination of the two most costly alternatives considered above.

Table 7A. Cost of PPL for birth parents who suffer miscarriages before 20 weeks.

		Combination of alternatives: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent, for any miscarriage after the 8th completed week of pregnancy
Average salary cost of PPL per hour of PPL (<i>per Exhibit 8, page 8: \$6,278,180.21 divided by 229,777.77 hours</i>)	\$	27.32
Number of hours of PPL	x	320
Average salary cost of PPL for proposed rule or alternative	=	\$8,743.31
Birth parents expected to receive PPL for miscarriage before 20 completed weeks of pregnancy (<i>201.3 employees, per Table 3B, multiplied by 37%</i>)	x	74.5
Salary cost as a result of PPL being extended to birth parents for miscarriage or stillbirth before 20 weeks of pregnancy (<i>total for entire program across all executive branch agencies, per year</i>)	=	\$651,329.97

Table 7B. Cost of PPL for non-birth parents who suffer miscarriages before 20 weeks.

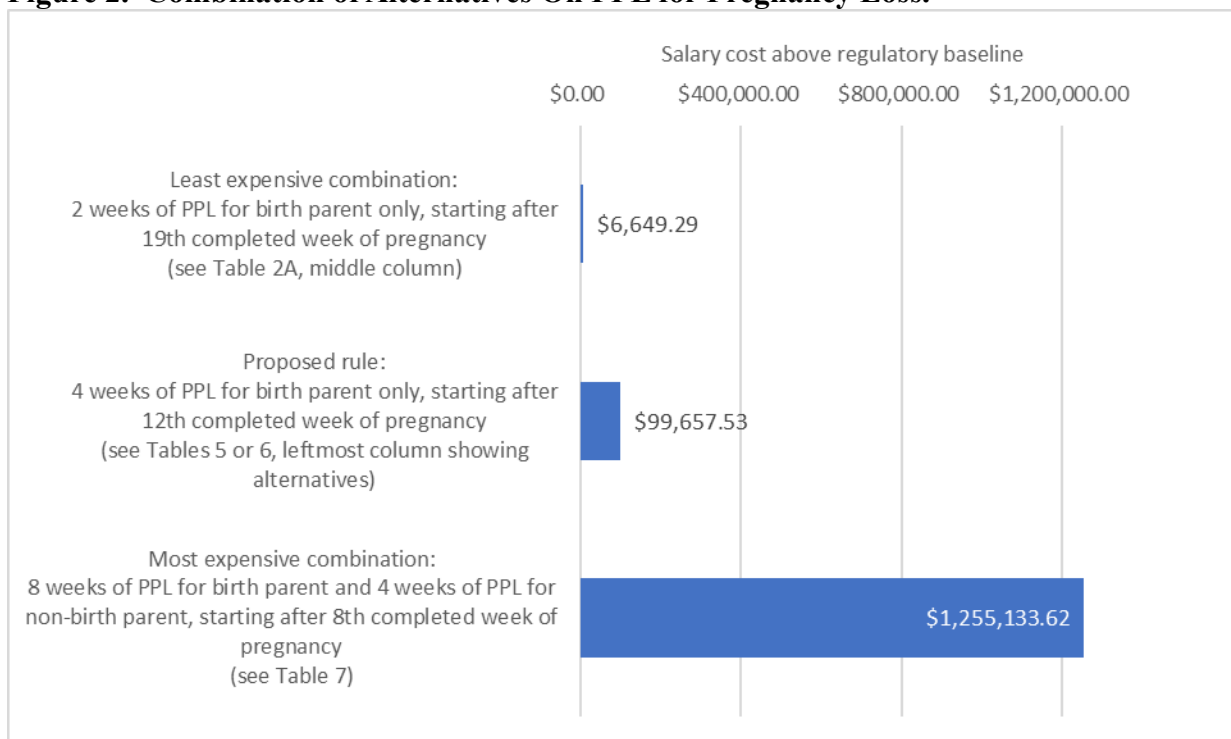
		Combination of alternatives: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent, for any miscarriage after the 8th completed week of pregnancy
Average salary cost of PPL per hour of PPL (<i>per Exhibit 8, page 8: \$6,278,180.21 divided by 229,777.77 hours</i>)	\$	27.32
Number of hours of PPL	x	160
Average salary cost of PPL for proposed rule or alternative	=	\$4,371.65
Non-birth parents expected to receive PPL for miscarriage before 20 completed weeks of pregnancy (<i>201.3 employees, per Table 3B, multiplied by 63%</i>)	x	126.8
Salary cost as a result of PPL being extended to non-birth parents for miscarriage or stillbirth before 20 weeks of pregnancy (<i>total for entire program across all executive branch agencies, per year</i>)	=	\$554,510.65

Table 7C. Combining costs from Tables 7A and 7B with cost of miscarriages at or after 20 weeks.

		Combination of alternatives: 8 weeks of PPL for birth parent and 4 weeks of PPL for non-birth parent, for any miscarriage after the 8th completed week of pregnancy
Cost of PPL for miscarriages to birth parents before 20 weeks (<i>from Table 7A</i>)		\$651,329.97
Cost of PPL for miscarriages to non-birth parents before 20 weeks (<i>from Table 7B</i>)	+	\$554,510.65
Cost of PPL for miscarriages before 20 weeks	=	\$1,205,840.62
Cost of PPL for miscarriages to parents at or after 20 weeks (<i>from Table 2C</i>)	+	\$49,293.00
Total cost of PPL for miscarriages	=	\$1,255,133.62

The following figure shows how this highest-cost combination of alternatives compares to the proposed rule and the least expensive combination of alternatives shown on the previous pages.

Figure 2. Combination of Alternatives On PPL for Pregnancy Loss.



(7) Intermittent use of PPL is subject to agency approval

(8) Non-birth parents can have PPL delayed on the basis of a public safety concern

Cost in addition to regulatory baseline: zero.

Savings compared to alternatives: nonquantifiable.

Proposed Rule .1907 establishes administrative procedures for requesting use of paid parental leave. These procedures are familiar to Cabinet agency employees from Executive Order 95 and the Paid Parental Leave Policy. Impacts from these proposed provisions are limited to providing administrative clarity to employees and employers. It is important that employers have some discretion as to circumstances under which they can approve PPL when it comes to public safety and meeting the public’s needs. The proposed rule does not produce any additional costs but does help clarify expectations for both the employer and employees.

(9) Establish the number of times paid parental leave can be used within a 12-month period

Cost in addition to regulatory baseline: zero.

Savings compared to alternative without this limit: nonquantifiable.

Proposed Rule .1908 limits the number of times an eligible employee can use PPL to once within a rolling 12-month period. This rule functions primarily to limit the level of disruption within an agency from absences due to PPL. It is unlikely that this would result in a material amount of additional expenditures or savings, since there are physical limitations on the number of births someone can have in a year, and multiple adoptions or foster placements in the same year are rare. This rule would not prevent an employee who has multiple births, adoptions, or placements in a year from utilizing other leave programs, such as vacation or sick leave. This provision is currently in effect per Executive Order 95.⁷⁴ As a result, the proposed rule does not add any cost to the regulatory baseline. It will impact only non-Cabinet agencies, public school units, community colleges, and the UNC System.

Data limitations make it difficult to compare the proposed rule's cost (or savings) to an alternative that did not limit the number of times PPL can be used within a 12-month period. We were not able to locate data showing the frequency at which people have multiple foster care placements or adoptions within a 12-month period. Anecdotal evidence of HR staff suggest that these events are rare. The only available data on birth spacing is a CDC study that identifies the percentage of births that have an interval of 24 or fewer months between the first and second birth,⁷⁵ but this percentage (18.7%) does not show the number of parents who have multiple births within a 12-month period.

(10) Establish a minimum service period before an employee is eligible for paid parental leave

Cost in addition to regulatory baseline: zero.

Savings compared to alternative with a 6-month waiting period: \$376,871.

Cost compared to alternative with a two-year waiting period: \$753,171.

Proposed Rule .1903(c) requires a minimum service period of 12 months before being eligible to use paid parental leave. These provisions are currently in effect per Executive Order 95.⁷⁶ As a result, the proposed rule does not add any cost to the regulatory baseline. It will impact only non-Cabinet agencies, public school units, community colleges, and the UNC System.

Varying the minimum service period would have an effect on the number of employees eligible for PPL as well as the cost to the state. The following estimates were based on actual data from usage under the existing PPL program and include only those costs to Cabinet and participating agencies.

⁷⁴ Executive Order 95 (Exhibit 3), Section 3(i).

⁷⁵ U.S. Centers for Disease Control and Prevention, National Health Statistics Reports, "Fertility of Men and Women Aged 15–49 in the United States: National Survey of Family Growth, 2015–2019" (Jan. 10, 2023), available at <https://www.cdc.gov/nchs/data/nhsr/nhsr179.pdf>, Table 6.

⁷⁶ Executive Order 95 (Exhibit 3), Section 2(b).

The total salary cost to the state for the PPL program (using a one-year eligibility threshold) was \$6,278,180.21 in fiscal year 22-23.⁷⁷ If the eligibility threshold were lowered to six months, approximately 2,536 more employees would become eligible.⁷⁸ Assuming the same percentage of eligible employees would use PPL in a given year (approximately 2.6%),⁷⁹ the number of additional employees using PPL would be about 66. The average cost of PPL for employees who used it in fiscal year 2022-2023 was \$5,710.17.⁸⁰ This would increase salary cost by about \$376,871 per year over the regulatory baseline. Conversely, raising the eligibility threshold to two years would reduce the number of employees who use PPL by about 132 employees.⁸¹ At \$5,710.17 per employee who uses PPL, this would reduce costs by about \$753,171 over the regulatory baseline.⁸²

In the circumstances, it appears better to keep a one-year waiting period, which is familiar to state employees from the existing policy and matches the 12-month period used for FMLA eligibility.

Summary

Table 8 shows the estimated annual costs and benefits, over the regulatory baseline, for all the areas of SHRC discretion discussed in this section of this fiscal note.

(continued with table on next page)

⁷⁷ Exhibit 8, page 7.

⁷⁸ Currently, 5,072 state employees are within their first year of service. (Source: HR-Payroll System data analyzed by OSHR.) Based on this figure, a minimum service period of six months would cause approximately 2,536 additional employees to become eligible for paid parental leave, while a minimum service period of two years would approximately double the approximately 5,072 state employees who are not eligible for paid parental leave.

⁷⁹ Per Exhibit 8, page 7, a total of 1264 employees used PPL in fiscal year 2022-2023. Per Exhibit 9, the headcount of agencies participating in Executive Order 95 was 54,326 in September 2023. Subtracting the 5,072 ineligible employees due to the waiting period leaves this number at 49,254. 1264 divided by 49,254 is 2.57%.

⁸⁰ Exhibit 8, page 6.

⁸¹ If an additional 5,072 state employees were not eligible for paid parental leave, and given that 2.6% of eligible employees use PPL in a given year, the number of employees using PPL would decline by $5072 * .026$, or 131.9.

⁸² If an additional 131.9 employees did not use PPL, and given that the average cost of PPL was \$5710.17 per employee who uses PPL, the cost reduction from the additional ineligible employees would be $131.9 * 5710.17$, or \$753,171.42.

Table 8. Summary of costs and benefits of proposed rules.		
Table 8A. Benefits that are part of all programs		
	<i>Benefit</i>	<i>Discussed above at</i>
(1) Balancing work and family obligations		
Helping employees feel more comfortable to heal, bond, and care for children after birth, allowing employees to better balance work and family obligations	Unquantifiable	See page 15 above
Increase in birth parents' productivity	Statistically significant 6% to 9% increase; cannot quantify dollars saved for State	See pages 15 to 16 and footnotes 31 to 32
(2) Benefits to children		
Reduction in infant mortality	Statistically significant 5.2% decrease in neonatal mortality rate; cannot quantify dollars saved for State	See page 16 and footnotes 34 to 35
Higher rates of breastfeeding	Unquantifiable	See page 16 and footnote 36
More mature early cognitive functioning	Unquantifiable	See page 16 and footnotes 37 to 38
(3) Distinctive benefit that can serve as a recruitment and retention tool		
Better recruitment and retention for State agencies, saving resources spent on hiring and training	Retraining costs are at least \$10,000 per employee; cannot quantify dollars saved for State	See pages 16-17 and footnotes 39 to 40

* Note: Although the bulk of these unquantifiable benefits associated with PPL are part of the regulatory baseline, the areas of discretion discussed below will boost the magnitude of benefits realized.

Table 8B. Costs and benefits over the regulatory baseline.			
<i>Area of SHRC discretion</i>		<i>Cost in addition to regulatory baseline</i>	<i>Benefits in addition to regulatory baseline</i>
(1) How to characterize the eight total weeks of PPL for birth parents and four total weeks of PPL for non-birth parents		\$0.00	No change from regulatory baseline (already part of policy)
(2) Establish that PPL cannot be donated as voluntary shared leave	+	\$0.00	No change from regulatory baseline (already part of policy)
(3) Establish details of leave administration for adoption and foster care placement	+	\$0.00	No change from regulatory baseline (already part of policy)
(4) Establish whether PPL ends at the time when a newborn child dies	+	\$49,954.00	Allows parents to take leave when experiencing grief and trauma; unquantifiable
(5) Establishing the amount of PPL for miscarriage or death of a child during birth	+	\$99,657.53	Allows birth parents to take leave to physically and mentally recover from miscarriage or stillbirth; unquantifiable
(6) Establish the number of weeks into a pregnancy at which point a pregnancy loss is a qualifying event that produces PPL		Already included in discussion of point 5	Allows birth parents to take leave to physically and mentally recover from miscarriage or stillbirth; unquantifiable
(7) Intermittent use of paid parental leave is subject to agency approval	+	\$0.00	No change from regulatory baseline (already part of policy)
(8) Non-birth parents can have their leave delayed on the basis of a public safety concern	+	\$0.00	No change from regulatory baseline (already part of policy)
(9) Establish the number of times paid parental leave can be used within a 12-month period	+	\$0.00	No change from regulatory baseline (already part of policy)
(10) Establish a minimum service period before an employee is eligible for paid parental leave	+	\$0.00	No change from regulatory baseline (already part of policy)
Total	=	\$149,611.53	See above

Compared to the regulatory baseline, which includes G.S. 126-8.6 (plus Executive Order 95 for employees of Cabinet agencies) and all substance required to appear in the SHRC's rules under G.S. 126-8.6 and 126-5(c19), OSHR estimates the proposed rules will have an annual cost to the State of \$149,611.53. Compared to the PPL program's pre-existing cost under Executive Order 95, which has been \$6.278 million,⁸³ the \$149,611.53 cost would be an increase of 2.38%. The benefits of PPL to state employees and public employers are believed to be at least equivalent to this salary cost.

Net Present Value (NPV)

The \$149,611.53 figure from Table 8 can be viewed as a series of payments to be made annually over a period of years. For purposes of this analysis, we assumed that the rate of PPL uptake will remain constant, and state employee salaries will increase by 3% in FY24-25 and 2% per year thereafter due to legislative increases. Using a 7% discount factor, the 5-year present value of the quantifiable costs to the State would be \$686,550.01 (in 2023\$). State employees using PPL will receive a benefit equivalent to this salary cost. As such, the *net* present value will essentially be zero. Note this NPV calculation does not account for significant unquantifiable benefits to both the employee and the agencies.

Estimates of Expenditures by Indirectly Affected Parties

OSHR lacks information to accurately quantify the differences in public school or community college expenditures from the baseline. For each employer, the core expenditure will be eight weeks of salary (for birth parents) or four weeks of salary (for non-birth parents), multiplied by the number of employees in each category.

There are 173,833 employees in the North Carolina public schools, according to the Statistical Profile prepared by DPI.⁸⁴ The use of paid parental leave in state agencies may not accurately reflect usage in the public schools, because the demographics of public school employees are heavily weighted toward females. A very approximate way to measure usage would be to project from the rate of parental leave usage among female state employees (1.96% in Fiscal Year 2022-2023) and the rate of parental leave usage among male state employees (2.99% in Fiscal Year 2022-2023).⁸⁵ This produces a very rough PPL program expenditure

⁸³ Exhibit 8, page 7.

⁸⁴ Department of Public Instruction, *Statistical Profile*, Table 16, <http://apps.schools.nc.gov/ords/f?p=145:1>. Data are as of School Year 2022-23.

⁸⁵ In Fiscal Year 2022-2023, 502 female state agency employees used PPL. Exhibit 8, p. 7. There were 28,302 female state agency employees, according to HR-Payroll System data. Approximately 9.3% (5072 out of 54,326) of state employees were not eligible for PPL because they were in their first year of service. Reducing the 28,302 number of female employees by 9.3%, it appears that there were approximately 25,660 female employees who were eligible for PPL. The rate of PPL usage among female employees, at 502 out of 25,660, appears to be 1.96%.

In Fiscal Year 2022-2023, 762 male state agency employees used PPL. Exhibit 8, p. 7. There were 28,077 male state agency employees, according to HR-Payroll System data. Approximately 9.3% (5072 out of 54,325) of state employees were not eligible for PPL because they were in their first year of service. Reducing the 28,077 number of male employees by 9.3%, it appears that there were approximately 25,466 male employees who were eligible for PPL. The rate of PPL usage among male employees, at 762 out of 25,466, appears to be 2.99%.

estimate in the range of \$20 million,⁸⁶ but only a small portion of this cost (roughly \$500,000) would be a difference from the regulatory baseline.⁸⁷

In addition, backfill coverage will be required for many teachers, since their classrooms cannot be left unattended. This cost has not been significant for state agencies, because they have been able to arrange coverage or have employees share tasks. These impacts may be discussed in more detail in the fiscal note for the DPI rules. Both the core salary cost and any backfill/substitute costs are required by the statute itself—not any features that were added by the proposed permanent rules discussed in this note—and thus are part of the regulatory baseline.

There are 30,053 employees in State of North Carolina community college institutions.⁸⁸ Community college employees are also disproportionately female: 59% female and 41% male.⁸⁹ Using the same analysis, the PPL program expenditure estimate for community colleges would be in the range of \$4.09 million.⁹⁰ Only a small portion of this cost (roughly \$97,000) would be a difference from the regulatory baseline.⁹¹

⁸⁶ The Public Schools Statistical Profile shows 121,417 female employees and 45,442 male employees. Table 16, available at <http://apps.schools.nc.gov/ords/f?p=145:1>. Assuming the average payout for paid parental leave is the same in the public schools as in state agencies (\$5,710.17, as shown in Exhibit 8, p. 6), and that the average payout for paid parental leave is the same for both male and female employees, this would produce the following estimate:

- $\$5,710 \times 1.96\% \times 121,417$ female employees = \$13.6 million
- $\$5,710 \times 2.99\% \times 45,442$ male employees = \$7.76 million
- Total: \$21.4 million

This rough cost estimate is based on at least two assumptions that are likely inaccurate: the assumption that the salary will be the same for state employees and public school employees, and the assumption that usage rate will be the same for state employees and public school employees. As a result, this estimate is extremely approximate, and the public schools will be able to more accurately estimate this cost.

⁸⁷ As discussed above in the “Regulatory Baseline” section, the regulatory baseline would include at least the elements of the rule that are required by statute. As shown in Table 8, the discretionary elements of the proposed rules produced only two areas of cost over the regulatory baseline: the cost from having PPL not end when a newborn child dies, and the cost from the amount of PPL for miscarriage or death of a child during birth. Compared to the \$6.278 million in salary cost for the PPL program in fiscal year 2022-2023 (Exhibit 8, page 7), the total difference from the regulatory baseline in Table 8 is \$149,611.53, which is 2.38% of the annual program cost. This might make the difference from the regulatory baseline for the public schools 2.38% of the \$21.4 million shown in the footnote above, which would be approximately \$500,000.

⁸⁸ North Carolina Community Colleges System, “Employee Headcount Over Time,” available at <https://www.nccommunitycolleges.edu/about-us/data-reporting/data-dashboards-page/employee-headcount/>. Data are as of October 2023.

⁸⁹ *Ibid.* in tab marked “Demographics.”

⁹⁰ The Community Colleges employee headcount webpage shows 17,700 female employees and 12,353 male employees. Assuming the average payout for paid parental leave is the same in the public schools as in state agencies (\$5,710.17, as shown in Exhibit 8, p. 6), and that the average payout for paid parental leave is the same for both male and female employees, this would produce the following estimate:

- $\$5,710 \times 1.96\% \times 17,700$ female employees = \$1.98 million
- $\$5,710 \times 2.99\% \times 12,353$ male employees = \$2.11 million
- Total: \$4.09 million

Again, this is an extremely approximate estimate, and the community colleges will be able to more accurately estimate this cost.

⁹¹ As discussed above in the “Regulatory Baseline” section, the regulatory baseline would include at least the elements of the rule that are required by statute. As shown in Table 8, the discretionary elements of the proposed rules produced only two areas of cost over the regulatory baseline: the cost from having PPL not end when a

(continued with text of the proposed rules on the next page)

newborn child dies, and the cost from the amount of PPL for miscarriage or death of a child during birth. Compared to the \$6.278 million in salary cost for the PPL program in fiscal year 2022-2023 (Exhibit 8, page 7), the total difference from the regulatory baseline in Table 8 is \$149,611.53, which is 2.38% of the annual program cost. This might make the difference from the regulatory baseline for the public schools 2.38% of the \$4.09 million shown in the footnote above, which would be approximately \$97,000.

Copy of the Text of the Proposed Rules

SECTION .1900 – PAID PARENTAL LEAVE

25 NCAC 01E .1901 DEFINITIONS

For the purposes of this Section, the following definitions shall apply:

- (1) "Agency" means any State agency, department, institution, office, board, or commission, including institutions and offices of the University of North Carolina, but excluding the legislative branch, the judicial branch, community college institutions, and public schools.
- (2) "Child" means a child as defined at G.S. 126-8.6(a)(1).
- (3) "Parent" means:
 - (a) the mother or father of a child through birth or legal adoption; or
 - (b) an individual who cares for a child through foster or other legal placement under the direction of a government authority.
- (4) "Qualifying event" means when an employee becomes a parent to a child.

History Note: Authority G.S. 126-5(c19); 126-8.6;
Temporary Adoption Eff. August 25, 2023;
Permanent Adoption _____, 20__.

25 NCAC 01E .1902 RELATIONSHIP TO OTHER RULES AND POLICIES

- (a) This Section states the terms and conditions only for paid parental leave that is provided under G.S. 126-8.6 by an agency, as defined in Rule .1901 of this Section.
- (b) The paid parental leave provided under this Section is in addition to any other leave authorized by state or federal law.

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;
Permanent Adoption _____, 20__.

25 NCAC 01E .1903 ELIGIBILITY FOR PAID PARENTAL LEAVE

- (a) This Section applies to all agency employees subject to G.S. 126-8.6, whether or not those employees are exempt from other sections of the State Human Resources Act.
- (b) Employees may receive paid parental leave under this Section only if they are in a permanent, time-limited, or probationary appointment. Temporary employees are not eligible for paid parental leave under this Section.
- (c) An agency shall allow an employee to take paid parental leave under this Section only if, at the time of the qualifying event, the employee meets each of the following conditions.
 - (1) For the immediate 12 preceding months, the employee has been employed without a break in service as defined by 25 NCAC 01D .0114 in a permanent, time-limited, or probationary appointment by:
 - (A) the State of North Carolina agencies, departments, and institutions, including without limitation the University of North Carolina;
 - (B) public school units that provide paid parental leave in accordance with G.S. 126-8.6; or
 - (C) community college institutions of the State of North Carolina, aggregating employment at any of these employers.
 - (2) The employee has been in pay status with:
 - (A) the State of North Carolina agencies, departments, and institutions, including without limitation the University of North Carolina;
 - (B) public school units that provide paid parental leave in accordance with G.S. 126-8.6; or
 - (C) community college institutions of the State of North Carolina, for at least 1,040 hours, aggregating employment at any of these employers, during the previous 12-month period.
- (d) This Section applies to requests for paid parental leave related to qualifying events occurring on or after July 1, 2023.

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;

Temporary Adoption Eff. December 22, 2023;
Permanent Adoption _____, 20__.

25 NCAC 01E .1904 LEAVE AVAILABLE TO FULL-TIME EMPLOYEES

(a) Full-time employees eligible for paid parental leave under this Section may take, in their discretion, up to the following amounts of leave:

- (1) For a parent who gives birth to a child, eight total weeks of paid parental leave, made up of:
 - (A) Four weeks for physical and mental recuperation, and
 - (B) Four additional weeks for bonding with the child.
- (2) For any other qualifying event, four weeks of paid parental leave for bonding with the child.

(b) Each week of paid parental leave under this Section shall result in compensation at 100 percent of the eligible employee's regular pay on a straight-time basis (without including overtime pay or paid time off, on the employee's regular weekly schedule).

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;
Permanent Adoption _____, 20__.

25 NCAC 01E .1905 LEAVE AVAILABLE TO PART-TIME EMPLOYEES

(a) Part-time employees (regardless whether they work half-time or more) shall receive paid parental leave under this Section if they meet all other requirements for eligibility.

(b) Part-time employees eligible for paid parental leave under this Section may take, in their discretion, a prorated amount of leave based on the hours worked in the employee's regular, weekly schedule compared to the hours worked by a full-time employee in a similar position at that agency.

(c) Each week of paid parental leave under this Section shall result in compensation at 100 percent of the eligible employee's regular pay on a straight-time basis (without including overtime pay or paid time off, on the employee's regular weekly schedule).

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;
Permanent Adoption _____, 20__.

25 NCAC 01E .1906 USE OF OTHER LEAVE

The paid parental leave provided under this Section shall not be counted against or deducted from the employee's sick, vacation, bonus, or other accrued leave. For agency employees, the paid parental leave provided under this Section is in addition to any other leave authorized by law, rule, or policy, including but not limited to leave without pay provided under 25 NCAC 01E .1110, voluntary shared leave under G.S. 126-8.3 and 25 NCAC 01E .1300, or family and medical leave. However, when an employee becomes eligible, as described in 25 NCAC 01E .1400, for family and medical leave, the paid parental leave under this Section shall run concurrently with the family and medical leave.

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;
Permanent Adoption _____, 20__.

25 NCAC 01E .1907 REQUESTING USE OF PAID PARENTAL LEAVE

(a) Eligible employees may take paid parental leave in one continuous period or may take intermittent use of paid parental leave. Requests for intermittent use of paid parental leave are subject to the agency's approval as stated in Paragraph (d) of this Rule.

(b) Whenever possible, eligible employees shall notify their employing agencies at least 10 weeks in advance of their intention to use paid parental leave. This requirement is so that agencies can secure backfill coverage.

(c) The agency shall not deny, delay, or require intermittent use of paid parental leave to employees who gave birth and seek to use paid parental leave in one continuous period.

(d) For all other employees, the agency may delay providing paid parental leave or may provide paid parental leave intermittently if it determines that providing the leave will cause a public safety concern, meaning a significant impairment to the agency's ability to conduct its operations in a manner that protects the health and safety of North

Carolínians. For example, the extension of paid parental leave to an eligible employee who did not give birth may constitute a public safety concern if:

- (1) Providing the paid parental leave would result in agency staffing levels below what is required by federal or state law to maintain operational safety; or
- (2) Providing the paid parental leave may impact the health or safety of staff, patients, residents, offenders, or other individuals the agency is required by law to protect; and
- (3) The agency has been unable to secure supplemental staffing after requesting or diligently exploring alternative staffing options.

(e) If the agency determines that it must delay paid parental leave, or make paid parental leave intermittent, because of a public safety concern under Paragraph (d) of this Rule, the agency shall provide paid parental leave as soon as practical following the qualifying event.

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;
Permanent Adoption _____, 20__.

25 NCAC 01E .1908 LEAVE ADMINISTRATION

- (a) Paid parental leave under this Section may be used only once by an eligible employee within a rolling 12-month period.
- (b) The birth or other qualifying event of twins, triplets, or other multiple children shall produce only one award of paid parental leave under this Section.
- (c) Both parents may receive paid parental leave under this Section if they are both eligible agency employees. Both parents may take their leave simultaneously or at different times, subject to Rule .1907 of this Section.
- (d) Employees shall submit documentation that they will use paid parental leave for a qualifying event under this Section. An agency may take appropriate action if an employee fraudulently requested or used paid parental leave. This action may include revoking approval and disciplinary action up to and including dismissal, pursuant to 25 NCAC 01J .0600.
- (e) Employees shall not be paid for the leave provided by this Section upon separation from the employer. The leave provided by this Section shall not be used for calculating an employee's retirement benefits and shall not accrue or be donated as voluntary shared leave.
- (f) Paid parental leave provided under this Section shall be reported separately from all other paid leave. Employees and supervisors are responsible for accurate reporting of the use of this leave on the employee's time record.

History Note: Authority G.S. 126-4(6); 126-8.6; 126-35(a);
Temporary Adoption Eff. August 25, 2023;
Permanent Adoption _____, 20__.

25 NCAC 01E .1909 LEAVE ADMINISTRATION FOR ADOPTIONS OR FOSTER CARE PLACEMENTS

- (a) When a child is given up for adoption or placed in foster care, from that point forward:
 - (1) The birth parent shall continue to be eligible for the paid parental leave listed in Rule .1904(a)(1)(A) of this Section for physical and mental recuperation; and
 - (2) Each parent shall not be eligible for further use of the paid parental leave listed in Rule .1904(a)(1)(B) of this Section for bonding with the child.
- (b) When a prospective adoptive parent or foster parent expects an adoption or placement, but it does not occur, it does not produce paid parental leave under this Section. However, agencies are encouraged to be flexible and allow adequate time for bereavement to the persons who would have become parents, using sick leave, vacation leave, bonus leave, compensatory time, and any other leave options that may be available to the employee.

History Note: Authority G.S. 126-8.6;
Permanent Adoption _____, 20__.

25 NCAC 01E .1910 MISCARRIAGE OR STILLBIRTH

- (a) When a fetus dies before 12 weeks of the pregnancy were complete, it is not a qualifying event for paid parental leave under this Section.
- (b) When a fetus dies after the 12th completed week of pregnancy, but before childbirth is complete:

- (1) If the birth parent meets the eligibility requirements in Rule .1903 of this Section, the birth parent may receive the paid parental leave listed in Rule .1904(a)(1)(A) of this Section. This leave is four weeks for a full-time eligible state employee.
 - (2) The parents shall not receive the paid parental leave for bonding with the child that is listed in Rule .1904(a)(1)(B) and Rule .1904(a)(2) of this Section.
- (c) When a child dies after childbirth is complete, each parent of the child who meets the eligibility requirements in Rule .1903 of this Section shall receive the full paid parental leave listed in Rule .1904(a)(1) and (a)(2). The paid parental leave will not be ended at the time of the child's death.
- (d) In any of the situations above, agencies are encouraged to be flexible and allow adequate time to the parents for bereavement and recovery, using sick leave, vacation leave, bonus leave, compensatory time, and any other leave options that may be available to the employee.

History Note: Authority G.S. 126-8.6;
Permanent Adoption _____, 20__.

Exhibits

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PART V. PAID PARENTAL LEAVE FOR STATE EMPLOYEES

SECTION 5.1.(a) Article 2 of Chapter 126 of the General Statutes is amended by adding a new section to read:

"§ 126-8.6. Paid parental leave.

(a) Definitions. – The following definitions apply in this section:

(1) Child. – A newborn biological child or a newly placed adopted, foster, or otherwise legally placed child under the age of 18 whose parent is a State employee eligible for leave under subsection (b) of this section.

(2) Parent. – Includes a parent by adoption, foster care, or another legal placement.

(3) Qualifying event. – When a State employee becomes a parent to a child.

(b) Paid Parental Leave. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, full-time State employee may take the following paid parental leave:

(1) Up to eight weeks of paid leave after giving birth to a child; or

(2) Up to four weeks of paid leave after any other qualifying event.

(c) Part-Time Employees. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, part-time State employee may take a prorated amount of paid leave after giving birth, not to exceed four weeks, or paid leave after any other qualifying event, not to exceed two weeks, in addition to any other leave available to the employee.

(d) Requirements. – The paid parental leave authorized by this section:

(1) Is available without exhaustion of the employee's sick and vacation leave and is awarded in addition to shared leave under G.S. 126-8.3, or other leave authorized by State or federal law.

(2) Has no cash value upon termination from employment.

(3) May not be used for calculating an employee's retirement benefits.

(e) The provisions of this section shall apply to employees of State agencies, departments, and institutions, including The University of North Carolina; to public school employees; and to community college employees. The appropriate governing board, officer, or entity shall adopt rules and policies to award paid parental leave to employees that are substantially equivalent to those adopted by the State Human Resources Commission."

SECTION 5.1.(b) G.S. 126-5 is amended by adding a new subsection to read:

"(c19) The provisions of G.S. 126-8.6 shall apply to all exempt and nonexempt State employees in the executive branch; to public school employees; and to community college employees. The legislative and judicial branches shall adopt parental leave policies."

SECTION 5.1.(c) G.S. 115C-302.1(j) reads as rewritten:

"(j) Parental Leave. – A–In addition to paid parental leave authorized by G.S. 126-8.6, a teacher may use annual leave, personal leave, or leave without pay to care for a newborn child or for a child placed with the teacher for adoption or foster care. A teacher may also use up to 30 days of sick leave to care for a child placed with the teacher for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the teacher and local board of education agree otherwise."

SECTION 5.1.(d) G.S. 115C-336.1 reads as rewritten:

"§ 115C-336.1. Parental leave.

A–In addition to paid parental leave authorized by G.S. 126-8.6, a school employee may use annual leave or leave without pay to care for a newborn child or for a child placed with the employee for adoption or foster care. A school employee may also use up to 30 days of sick leave to care for a child placed with the employee for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the school employee and the local board of education agree otherwise."

SECTION 5.1.(e) There is appropriated from the General Fund to the Department of Public Instruction the sum of ten million dollars (\$10,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of ten million dollars (\$10,000,000) in recurring funds for the 2024-2025 fiscal year to fund paid parental leave authorized by this section.

SECTION 5.1.(f) This Part becomes effective July 1, 2023, and applies to requests for paid parental leave related to births occurring on or after that date.

PART XIII-A. PARENTAL LEAVE TECHNICAL CORRECTIONS

SECTION 13A.1.(a) G.S. 126-8.6, as enacted by S.L. 2023-14, reads as rewritten:

"§ 126-8.6. Paid parental leave.

...

(b) Paid Parental Leave. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, probationary, or time-limited full-time State employee may take the following paid parental leave:

(1) Up to eight weeks of paid leave after giving birth to a child; or

(2) Up to four weeks of paid leave after any other qualifying event.

(c) Part-Time Employees. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, probationary, or time-limited part-time State employee may take a prorated amount of paid leave after giving birth, not to exceed ~~four~~eight weeks, or

paid leave after any other qualifying event, not to exceed ~~two~~ four weeks, in addition to any other leave available to the employee.

(c1) The State Human Resources Commission shall adopt rules and policies providing for a period of minimum service before an employee becomes eligible for parental leave, the maximum number of uses of paid parental leave within a 12-month period, and how much leave is to be provided in the event of miscarriage or the death of a child during birth.

...."

SECTION 13A.1.(b) G.S. 126-5(c19), as enacted by S.L. 2023-14, reads as rewritten:

"(c19) The provisions of G.S. 126-8.6 shall apply to all exempt and nonexempt State employees in the executive branch; to public school employees; and to community college employees. Notwithstanding any other provision of this Chapter, G.S. 126-8.6 applies to all State employees, public school employees, and community college employees. G.S. 126-8.6 does not apply to employees described in subdivisions (2) and (3) of subsection (c1) of G.S. 126-5. The legislative and judicial branches shall adopt parental leave policies."

SECTION 13A.1.(c) G.S. 115C-336.1, as amended by S.L. 2023-14, reads as rewritten:

"§ 115C-336.1. Parental leave.

(a) In addition to paid parental leave authorized by G.S. 126-8.6, a school employee may use annual leave or leave without pay to care for a newborn child or for a child placed with the employee for adoption or foster care. A school employee may also use up to 30 days of sick leave to care for a child placed with the employee for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the school employee and the local board of education agree otherwise.

(b) To the extent funds are made available for this purpose, the Department of Public Instruction shall administer funds to public school units for the payment of substitute teachers for any public school unit teacher using paid parental leave as provided in G.S. 126-8.6."

SECTION 13A.1.(d) G.S. 115C-218.90(a) is amended by adding a new subdivision to read:

"(6) A board of directors may provide paid parental leave consistent with the requirements of G.S. 126-8.6. If the board provides paid parental leave, it shall be eligible to receive funds as provided in G.S. 115C-336.1(b)."

SECTION 13A.1.(e) G.S. 115C-238.68 is amended by adding a new subdivision to read:

"(8) Paid parental leave. – Teachers employed by the board of directors shall be eligible for paid parental leave as provided in G.S. 126-8.6. The board of directors shall be eligible to receive funds as provided in G.S. 115C-336.1(b)."

SECTION 13A.1.(f) G.S. 116-239.10 is amended by adding a new subdivision to read:

"(9) Paid parental leave. – Teachers employed by the board of the constituent institution shall be eligible for paid parental leave as provided in G.S. 126-8.6. The constituent institution shall be eligible to receive funds as provided in G.S. 115C-336.1(b)."

SECTION 13A.1.(g) Section 5.1(e) of S.L. 2023-14 reads as rewritten:

"SECTION 5.1.(e) There is appropriated from the General Fund to the Department of Public Instruction the sum of ten million dollars (\$10,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of ten million dollars (\$10,000,000) in recurring funds for the 2024-2025 fiscal year to fund paid parental leave authorized by this section; provide substitute teachers in accordance with G.S. 115C-336.1(b)."

SECTION 13A.1.(h) This section becomes effective July 1, 2023, and applies to requests for paid parental leave related to births occurring on or after that date.

(e) No later than October 15 of each year, the Authority shall provide the following information to the Department of Public Instruction:

- (1) The information described in subdivision (4) of subsection (b) of this section.
- (2) For each scholarship grant recipient, award amounts and sufficient personally identifiable information to track the recipient's continued enrollment in a nonpublic school. This information is confidential and not a public record under G.S. 132-1.

(f) The Department of Public Instruction shall report no later than April 1 of each year to the Joint Legislative Education Oversight Committee on the cumulative difference in the current school year between the scholarship grant award amount for each prior public school attendee enrolled in a nonpublic school and the average State per pupil allocation for average daily membership for a student in a public school unit. For purposes of this subsection, a "prior public school attendee" is any scholarship grant recipient who was in membership in a public school unit for a majority of the first or second month of the school year immediately prior to enrollment in a nonpublic school, beginning with students enrolled in a public school unit the 2023-2024 school year or subsequent school years."

SECTION 7.82.(b) Notwithstanding G.S. 115C-562.7, as amended by subsection (a) of this section, the State Education Assistance Authority shall provide the first report required by G.S. 115C-562.7(e) by October 15, 2024, and the Department of Public Instruction shall provide the first report required by G.S. 115C-562.7(f) by April 1, 2025. The report required by G.S. 115C-562.7(f) shall apply to all prior public school attendees enrolled in a nonpublic school in the 2024-2025 school year who were enrolled in a public school unit in the 2023-2024 school year.

SECTION 7.82.(c) It is the intent of the General Assembly to reinvest in the public schools any savings realized by the State each year, beginning in the 2025-2026 school year, because of the transfer of a student from a public school unit to a nonpublic school where the student accepts an opportunity scholarship grant award that is less than one hundred percent (100%) of the average State per pupil allocation for average daily membership for a student in a public school unit.

CLARIFY MINIMUM SERVICE REQUIREMENTS FOR PAID PARENTAL LEAVE

SECTION 7.83.(a) G.S. 126-8.6(c1) reads as rewritten:

"(c1) The State Human Resources Commission shall adopt rules and policies providing for a period of minimum service before an employee becomes eligible for parental leave, the maximum number of uses of paid parental leave within a 12-month period, and how much leave is to be provided in the event of miscarriage or the death of a child during birth. The rules shall provide that the period of minimum service may be met by aggregating employment at any of the following:

- (1) State agencies, departments, and institutions, including The University of North Carolina.
- (2) Public school units that provide paid parental leave in accordance with this section.
- (3) Community colleges located in this State."

SECTION 7.83.(b) G.S. 115C-218.90(a)(6) reads as rewritten:

"(6) A board of directors may provide paid parental leave consistent with the requirements of G.S. 126-8.6. If the board provides paid parental leave, it shall be eligible to receive funds as provided in G.S. 115C-336.1(b). If the board does not provide paid parental leave, it shall provide written notice to individuals upon offering employment. The notice shall state that employment with the charter school will not count toward any minimum period of service established pursuant to G.S. 126-8.6(c1)."

Exhibit 2: Text of G.S. 126-8.6 After Amendments

Parental leave statutes after technical corrections

Updated November 30, 2023

Check the original source

This is an unofficial record of the paid parental leave statutes that were amended or added in the 2023 legislative session. It was prepared by the Office of State Human Resources based on the three original acts: [Part V of Session Law 2023-14 \(2023 Senate Bill 20\)](#), [Part XII-A of Session Law 2023-65 \(2023 House Bill 190\)](#), and [Section 7.83 of Session Law 2023-134 \(2023 House Bill 259, the Appropriations Act\)](#). This document is meant only as a reference to be used until the new statutes are available on the legislature's website. Check the text of the original acts to be sure it matches this document.

Provisions that were amended in Session Law 2023-65 are highlighted in orange below. Provisions that were amended in Session Law 2023-134 are highlighted in blue below.

PART V. PAID PARENTAL LEAVE FOR STATE EMPLOYEES

SECTION 5.1.(a) Article 2 of Chapter 126 of the General Statutes is amended by adding a new section to read:

"§ 126-8.6. Paid parental leave.

(a) Definitions. – The following definitions apply in this section:

- (1) Child. – A newborn biological child or a newly placed adopted, foster, or otherwise legally placed child under the age of 18 whose parent is a State employee eligible for leave under subsection (b) of this section.
- (2) Parent. – Includes a parent by adoption, foster care, or another legal placement.
- (3) Qualifying event. – When a State employee becomes a parent to a child.

(b) Paid Parental Leave. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, probationary, or time-limited full-time State employee may take the following paid parental leave:

- (1) Up to eight weeks of paid leave after giving birth to a child; or
- (2) Up to four weeks of paid leave after any other qualifying event.

(c) Part-Time Employees. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, probationary, or time-limited part-time State

employee may take a prorated amount of paid leave after giving birth, not to exceed eight weeks, or paid leave after any other qualifying event, not to exceed four weeks, in addition to any other leave available to the employee.

(c1) The State Human Resources Commission shall adopt rules and policies providing for a period of minimum service before an employee becomes eligible for parental leave, the maximum number of uses of paid parental leave within a 12-month period, and how much leave is to be provided in the event of miscarriage or the death of a child during birth. The rules shall provide that the period of minimum service may be met by aggregating employment at any of the following:

- (1) State agencies, departments, and institutions, including The University of North Carolina.
- (2) Public school units that provide paid parental leave in accordance with this section.
- (3) Community colleges located in this State.

(d) Requirements. – The paid parental leave authorized by this section:

- (1) Is available without exhaustion of the employee's sick and vacation leave and is awarded in addition to shared leave under G.S. 126-8.3, or other leave authorized by State or federal law.
- (2) Has no cash value upon termination from employment.
- (3) May not be used for calculating an employee's retirement benefits.

(e) The provisions of this section shall apply to employees of State agencies, departments, and institutions, including The University of North Carolina; to public school employees; and to community college employees. The appropriate governing board, officer, or entity shall adopt rules and policies to award paid parental leave to employees that are substantially equivalent to those adopted by the State Human Resources Commission."

SECTION 5.1.(b) G.S. 126-5 is amended by adding a new subsection to read:

"(c19) Notwithstanding any other provision of this Chapter, G.S. 126-8.6 applies to all State employees, public school employees, and community college employees. G.S. 126-8.6 does not apply to employees described in subdivisions (2) and (3) of subsection (c1) of G.S. 126-5. The legislative and judicial branches shall adopt parental leave policies."

SECTION 5.1.(c) G.S. 115C-302.1(j) reads as rewritten:

"(j) Parental Leave. – A In addition to paid parental leave authorized by G.S. 126-8.6, a teacher may use annual leave, personal leave, or leave without pay to care for a newborn child or for a child placed with the teacher for adoption or foster care. A teacher may also use up to

30 days of sick leave to care for a child placed with the teacher for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the teacher and local board of education agree otherwise."

SECTION 5.1.(d) G.S. 115C-336.1 reads as rewritten:

"§ 115C-336.1. Parental leave.

(a) In addition to paid parental leave authorized by G.S. 126-8.6, a school employee may use annual leave or leave without pay to care for a newborn child or for a child placed with the employee for adoption or foster care. A school employee may also use up to 30 days of sick leave to care for a child placed with the employee for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the school employee and the local board of education agree otherwise.

(b) To the extent funds are made available for this purpose, the Department of Public Instruction shall administer funds to public school units for the payment of substitute teachers for any public school unit teacher using paid parental leave as provided in G.S. 126-8.6."

SECTION 13A.1.(d) G.S. 115C-218.90(a) is amended by adding a new subdivision to read:

"(6) A board of directors may provide paid parental leave consistent with the requirements of G.S. 126-8.6. If the board provides paid parental leave, it shall be eligible to receive funds as provided in G.S. 115C-336.1(b). If the board does not provide paid parental leave, it shall provide written notice to individuals upon offering employment. The notice shall state that employment with the charter school will not count toward any minimum period of service established pursuant to G.S. 126-8.6(c1).

SECTION 13A.1.(e) G.S. 115C-238.68 is amended by adding a new subdivision to read:

"(8) Paid parental leave. – Teachers employed by the board of directors shall be eligible for paid parental leave as provided in G.S. 126-8.6. The board of directors shall be eligible to receive funds as provided in G.S. 115C-336.1(b)."

SECTION 13A.1.(f) G.S. 116-239.10 is amended by adding a new subdivision to read:

"(9) Paid parental leave. – Teachers employed by the board of the constituent institution shall be eligible for paid parental leave as provided in G.S. 126-8.6. The constituent institution shall be eligible to receive funds as provided in G.S. 115C-336.1(b)."

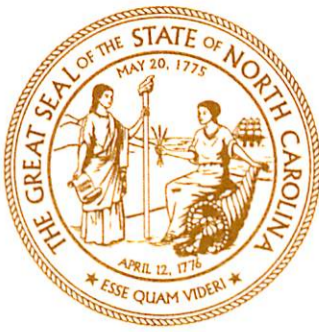
SECTION 5.1.(e) There is appropriated from the General Fund to the Department of Public Instruction the sum of ten million dollars (\$10,000,000) in recurring funds for the 2023-

2024 fiscal year and the sum of ten million dollars (\$10,000,000) in recurring funds for the 2024-2025 fiscal year to provide substitute teachers in accordance with G.S. 115C-336.1(b)."

SECTION 5.1.(f) This Part becomes effective July 1, 2023, and applies to requests for paid parental leave related to births occurring on or after that date.

SECTION 13A.1.(h) This section becomes effective July 1, 2023, and applies to requests for paid parental leave related to births occurring on or after that date.

Exhibit 3: Executive Order 95



State of North Carolina

ROY COOPER
GOVERNOR

May 23, 2019

EXECUTIVE ORDER NO. 95

PROVIDING PAID PARENTAL LEAVE TO ELIGIBLE STATE EMPLOYEES

WHEREAS, the undersigned is committed to making North Carolina state government a competitive employer, capable of recruiting, retaining, and supporting top talent to serve North Carolinians; and

WHEREAS, most of North Carolina's top employers offer paid parental leave benefits to their employees; and

WHEREAS, the North Carolina Department of Administration's 2018 Status of Women Report found that the share of women in the state's labor pool decreased between 2002 and 2016, a period when North Carolina's overall population increased significantly; and

WHEREAS, while there are now more opportunities for women in the workforce than ever before, working women cite family caregiving responsibilities as a barrier to their ability to participate full-time in the workforce; and

WHEREAS, paid parental leave can promote families' physical and mental health, increase worker retention, and improve worker productivity and morale; and

WHEREAS, paid parental leave fosters the recuperation, health, and wellbeing of employees who have recently given birth and supports longer infant breastfeeding; and

WHEREAS, providing paid parental leave can reduce the likelihood that working parents apply for taxpayer-funded public benefits; and

WHEREAS, babies born to parents with paid parental leave are less likely to be born prematurely and are more likely to be born at a healthy birth weight; and

WHEREAS, children whose parents have access to paid parental leave and other family-friendly employment benefits are more likely to regularly attend well care visits, have better school attendance, and exhibit fewer behavioral or mental health problems; and

WHEREAS, the North Carolina Early Childhood Action Plan, prepared pursuant to Exec. Order No. 49, 33 N.C. Reg. 630-31 (Oct. 1, 2018), highlights paid parental leave and other family-friendly employment benefits as strategies to ensure children across the state grow up healthy, confident, independent, and resilient in safe, stable, and nurturing families and communities; and

WHEREAS, the undersigned is committed to supporting working families in North Carolina by making it easier for them to fulfill their caregiving responsibilities without risking financial insecurity and encourages private sector employers to follow suit.

NOW, THEREFORE, by the authority vested in me as Governor by the Constitution and the laws of the State of North Carolina, **IT IS ORDERED**:

Section 1. Purpose

It shall be the policy of the Office of the Governor and State Agencies, as defined herein, to provide eight (8) weeks of fully paid parental leave to an Eligible State Employee who has given birth to a Child, and four (4) weeks of fully paid parental leave to an Eligible State Employee in other circumstances involving the birth of a Child to that employee, or the adoption, foster placement, or other legal placement of a Child with an Eligible State Employee.

Section 2. Definitions

- a. "State Agency": Any North Carolina department, agency, board, commission, or committee for which the Governor has oversight responsibility.
- b. "Eligible State Employee": A full-time, part-time (half-time or more)–permanent, probationary, or time-limited employee who has been continuously employed by the State of North Carolina for the immediate twelve (12) preceding months and is eligible for Family and Medical Leave ("FML") by being in pay status for at least 1,040 hours in the previous twelve-month period as set forth in 25 N.C. Admin. Code 01E.1402(a).
- c. "Parent": A parent by childbirth, adoption, foster care, or other legal placement.
- d. "Child": A newborn biological child or a newly placed adopted, foster, or otherwise legally placed child under the age of eighteen (18), whose Parent is an Eligible State Employee.
- e. "Paid Parental Leave": Eight (8) weeks (320 hours) of 100% paid leave to be provided to a full-time Eligible State Employee upon the Eligible State Employee giving birth or four (4) weeks (160 hours) of 100% paid leave to be provided to a full-time Eligible State Employee after any other Qualifying Event. Leave for a part-time (half-time or more) Eligible State Employee shall be on a prorated basis corresponding to the percentage of hours they are normally scheduled to work. Unless otherwise specified in this Executive Order or in OSHR guidelines, leave for part-time State Agency employees shall be the same in all respects as Paid Parental Leave for Eligible State Employees.
- f. "Public Safety Concern": A significant impairment to the State Agency's ability to conduct its operations in a manner that protects the health and safety of North Carolinians. The extension of Paid Parental Leave to an Eligible State Employee may constitute a Public Safety Concern if: (1) the provision of Paid Parental Leave results in State Agency staffing levels below what is required by federal or state law to maintain operational safety or that may impact the health and/or safety of staff, patients, residents, offenders, or other individuals the State Agency is required by law to protect, and (2) the State Agency has been unable to secure supplemental staffing after requesting or diligently exploring alternative staffing options.
- g. "Qualifying Event": The birth of a Child to an Eligible State Employee, or the adoption, foster care placement, or other legal placement of a Child with an Eligible State Employee.

Section 3. Paid Parental Leave

- a. State Agencies shall provide Paid Parental Leave to Eligible State Employees upon a Qualifying Event.
- b. Paid Parental Leave shall be used within twelve (12) months of the Qualifying Event. Notwithstanding Section 3.g, under no circumstances may Paid Parental Leave be denied, delayed, or provided intermittently to an Eligible State Employee who has given birth, unless that employee requests intermittent Paid Parental Leave.

- c. Each week of Paid Parental Leave shall be compensated at 100% of the Eligible State Employee's regular, straight-time weekly pay.
- d. Subject to Section 3.e, both Parents may receive Paid Parental Leave if they are Eligible State Employees. Both Parents may take their leave simultaneously or at different times.
- e. An Eligible State Employee who has given birth may receive eight (8) weeks of Paid Parental Leave (prorated for part-time employees) but will not receive an additional four (4) weeks of Paid Parental Leave for that birth.
- f. Paid Parental Leave shall run concurrently with FML as applicable.
- g. Subject to Section 3.b, State Agencies must provide Paid Parental Leave as soon as practical following the Qualifying Event. If an employing State Agency determines that providing Paid Parental Leave will cause a Public Safety Concern, that agency may delay providing Paid Parental Leave or provide Paid Parental Leave in intermittent periods.
- h. Paid Parental Leave shall not be counted against or deducted from the Eligible State Employee's accrued leave.
- i. Paid Parental Leave may be used only once for a Qualifying Event within a rolling twelve-month period.
- j. Paid Parental Leave shall be made available to Eligible State Employees who have a Qualifying Event on or after September 1, 2019.

Section 4. OSHR Obligations

- a. OSHR shall work with State Agencies to ensure State Agency Employees and all relevant State Agency management and staff receive information about and understand the obligations and rights established by this Executive Order. OSHR shall develop and disseminate guidelines on the administration of Paid Parental Leave that detail how it shall interact with FML or other leave as applicable.
- b. Consistent with existing state law, OSHR shall take any additional steps necessary to provide guidelines in accordance with this Executive Order.
- c. OSHR shall report to the Office of the Governor on the implementation and usage of Paid Parental Leave by September 1, 2020.

Section 5. State Agency Obligations

- a. State Agencies shall work with OSHR to ensure State Agency Employees, management, and staff receive information about and understand the obligations and rights established by this Executive Order.
- b. State Agencies shall collect information regarding the usage of Paid Parental Leave by Eligible State Employees for the previous fiscal year and submit that information to OSHR by July 1, 2020, and every July 1 thereafter.

Section 6. Employee Obligations

- a. Eligible State Employees shall be required to submit documentation that they will use Paid Parental Leave to give birth to a Child or will use Paid Parental Leave to care for or bond with a Child. A State Agency may take appropriate action if there is evidence that the employee fraudulently requested, used, or otherwise abused Paid Parental Leave.

- b. Whenever possible, Eligible State Employees shall be required to notify their employing State Agencies at least ten (10) weeks in advance of their intention to use Paid Parental Leave so that those agencies may secure backfill coverage.

Section 7. Miscellaneous

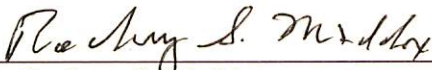
- a. This Executive Order does not apply to counties, municipalities, political subdivisions, local government agencies, or private entities.
- b. This Executive Order does not create a private cause of action.
- c. This Executive Order is consistent with and does not abrogate federal or state law.
- d. State entities not subject to the undersigned's oversight are encouraged but not required to comply with this Executive Order.
- e. Unless otherwise provided, this Executive Order supersedes and rescinds any previous Executive Order to the extent that they conflict.
- f. This Executive Order is effective immediately and shall remain in effect until amended or rescinded by future Executive Order of the Governor.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this 23rd day of May in the year of our Lord two thousand and nineteen.



Roy Cooper
Governor

ATTEST:



Rodney S. Maddox
Chief Deputy Secretary of State



Exhibit 4: Paid Parental Leave Policy Before the 2023 Statute

Paid Parental Leave Pilot

Contents:

- [Purpose](#)
- [Covered Employees](#)
- [Definitions](#)
- [OSHR Responsibility](#)
- [Agency Responsibilities](#)
- [Designation of Terms or Paid Parental Leave Arrangement](#)
- [Termination of Paid Parental Leave Arrangement](#)
- [Agencies Operating Under the Governor's Oversight](#)

Purpose

The Office of State Human Resources has established this policy to allow State Agencies to offer a Paid Parental Leave pilot program. Paid Parental Leave is designed to promote families' physical and mental health, increase worker retention, and improve worker productivity and morale. In accordance with G.S. 126-1, the Office of State Human Resources has established the following policy to provide guidance to agencies in developing Paid Parental Leave pilot programs.

Covered Employees

An employee's eligibility for Paid Parental Leave shall be made based on the employee's months of service and hours of work as of the date of the qualifying life event. Employees who become parents via childbirth, adoption, foster care or another legal placement are eligible if:

- Employee is full-time or part-time (half-time or more) in a permanent, probationary, or time-limited position. Leave for part-time employees will be awarded on a pro-rated basis corresponding to the percentage of hours they normally are scheduled to work.
- Employee has been continuously employed by the State of North Carolina for the immediate twelve (12) preceding months.
- Employee must be eligible for Family and Medical Leave (FML) by being in pay status for at least 1,040 hours in the previous twelve-month period.

Paid Parental Leave Pilot (continued)

Temporary and part-time (less than half-time) employees are not eligible to participate in this program.

The decision whether to allow a position or an employee to use Paid Parental Leave is wholly within management discretion and is not appealable to the Office of Administrative Hearings.

Definitions

For purposes of this policy, the terms below mean the following:

State Agency - Any North Carolina department, agency, board, commission, committee or University with employees subject to the State Human Resources Act, G.S. 126.
Eligible State Employee - A full-time, part-time (half-time or more) permanent, probationary, or time-limited employee who has been continuously employed by the State of North Carolina for the immediate twelve (12) preceding months and is eligible for Family and Medical Leave (FML) by being in pay status for at least 1,040 hours in the previous twelve-month period, as set forth in 25 N.C. Admin. Code 01 E .1402(a).
Parent - A parent by childbirth, adoption, foster care, or other legal placement.
Child - A newborn biological Child or a newly-placed adopted, foster or otherwise legally placed Child under the age of eighteen (18), whose Parent is an Eligible State Employee.
Paid Parental Leave – 100% paid leave to be provided to an Eligible State Employee upon the Eligible State Employee giving birth for both recuperation during the disability period and bonding with a newborn Child, or leave provided to other Eligible State Employees to care for and bond with a newborn Child or newly adopted, foster or otherwise legally placed Child. Note: Leave for a part-time (half-time or more) Eligible State Employee shall be on a prorated basis corresponding to the percentage of hours they are normally scheduled to work. Unless otherwise specified in this policy, Executive Order 95, <i>Providing Paid Parental Leave to Eligible State Employees</i> . or in OSHR

Paid Parental Leave Pilot (continued)

guidelines, leave for part-time State Agency employees shall be the same in all respects as Paid Parental Leave for Eligible State Employees.

Note: Agencies granting parental leave must uphold the principle of equal treatment established in Rotondo v. J.P. Morgan, 1:19 cv 408 (S.D. Ohio 2019). For example, under Executive Order 95 the birth mother receives four (4) weeks for recuperation and recovery and four (4) weeks for parental bonding leave which is equal to the four (4) weeks the other parent receives for parental bonding leave. The non-birth parent did not give birth so they are not receiving unequal treatment by not receiving recuperation and recovery leave. Alternatively, equal treatment could be structured as both parents receiving eight (8) weeks of parental, bonding leave.

Public Safety Concern - A significant impairment to the State Agency's ability to conduct its operations in a manner that protects the health and safety of North Carolinians. The extension of Paid Parental Leave to an Eligible State Employee may constitute a Public Safety Concern if: (1) the provision of Paid Parental Leave results in State Agency staffing levels below what is required by federal or state law to maintain operational safety or that may impact the health or safety of staff, patients, residents, offenders, or other individuals the State Agency is required by law to protect, and (2) the State Agency has been unable to secure supplemental staffing after requesting or diligently exploring alternative staffing options.

Qualifying Event - The birth of a Child to an Eligible State Employee, or the adoption, foster care placement, or other legal placement of a Child with an Eligible State Employee.

OSHR Responsibility

The Office of State Human Resources will provide guidance to State Agencies developing Paid Parental Leave pilot programs.

Agency Responsibilities

Paid Parental Leave Pilot (continued)

- Submit to the Office of State Human Resources a written request, signed by the Agency Head (or designee), to develop a Paid Parental Leave pilot program to include a copy of the policies and procedures for review.
 - Develop a written internal policy and procedure that identifies the criteria for the pilot to include the eligibility requirements for employees. Disseminate information concerning the Paid Parental Leave pilot program to new and existing employees.
 - Agencies shall report Paid Parental Leave activities to the Office of State Human Resources by August 1st of each year.
-

Designation of Terms or Paid Parental Leave Policy Arrangements

All Paid Parental Leave arrangements shall be written and include the responsibilities of both the agency and the employee. Each participant in the Paid Parental Leave arrangement must sign the document that contains the terms of the Paid Parental Leave arrangement. At a minimum, the document shall define the parameters of the Paid Parental Leave arrangement and shall comply with the policy provisions below:

1. Compensation and Benefits: Each week of Paid Parental Leave will be compensated at 100% of the employee's regular, straight-time weekly pay.
2. Parents shall certify that Paid Parental Leave past the recuperation and recovery stage of childbirth is being utilized for bonding with the Child.
3. Agencies shall provide eight (8) weeks (320 hours) of Paid Parental Leave to Eligible State Employees who have given birth for recuperation during the disability period and bonding with a newborn Child, and eight (8) weeks (320 hours) of Paid Parental Leave shall be provided to other Eligible State Employees to care for and bond with a newborn Child or newly adopted, foster or otherwise legally placed Child. The amount of Paid Parental Leave awarded through this pilot program shall not exceed eight (8) weeks to Eligible State Employees for birth, adoption, foster or otherwise legal placement of a Child.

Termination of Paid Parental Leave Arrangement

Paid Parental Leave Pilot (continued)

The agency may terminate the Paid Parental Leave pilot agreement at its discretion. Termination of a Paid Parental Leave pilot arrangement by management is not grievable to the Office of Administrative Hearings under personnel policies. All other grievable rights shall be set forth in agency policy.

Agencies Operating Under the Governor's Oversight

A cabinet agency may offer a Paid Parental Leave pilot program that is more generous than required in Executive Order 95, *Providing Paid Parental Leave to Eligible State Employees*, and may determine to discontinue an offered pilot program. Nevertheless, all cabinet agencies must, at a minimum, comply with Executive Order 95 as long as the Executive Order is in effect.

Exhibit 5: Current Paid Parental Leave Policy

Paid Parental Leave Policy

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Note: The new law on paid parental leave for state employees, N.C.G.S. § 126-8.6, became effective July 1, 2023. Section 126-8.6 was revised by 2023 House Bill 190, Session Law 2023-65, and Section 7.83(a) of the 2023 Appropriations Act, Session Law 2023-134. This version of the Paid Parental Leave Policy includes the effect of the House Bill 190 and Appropriations Act revisions. To implement section 126-8.6, the State Human Resources Commission adopted temporary rules on paid parental leave. These temporary rules went into effect on August 25, 2023. One temporary rule will be revised to reflect the Appropriations Act revisions to the statute. A permanent rule will be issued for public notice and comment. This policy will be updated after each rule becomes effective.

§ 1. Purpose

Paid Parental Leave is designed to promote families' physical and mental health, increase worker retention, and improve worker productivity and morale. In accordance with N.C.G.S. § 126-1 and 126-8.6, the Office of State Human Resources has established the following policy to provide guidance to agencies regarding the Paid Parental Leave programs.

Paid Parental Leave Policy (cont.)

§ 2. Covered Employees

An employee's eligibility for Paid Parental Leave shall be determined based on the employee's months of service and hours of work as of the date of the qualifying life event. Employees who become parents via childbirth, adoption, foster care, or another legal placement are eligible if:

- Employee is full-time or part-time (regardless whether half-time or more) in a permanent, probationary, or time-limited appointment.
- For the immediate 12 preceding months, employee has been employed without a break in service¹ by a qualifying employer (as listed below) in a permanent, time-limited, or probationary appointment.
 - Periods of worker's compensation or short-term disability in the 12 months preceding the qualifying events do not make the employee ineligible for paid parental leave.
 - Periods of leave without pay, as defined in 25 NCAC 01E .1100 and the Leave Without Pay Policy, shall not constitute a break in service.²
- Employee must be eligible for Family and Medical Leave (FML) by being in pay status for at least 1,040 hours in the previous twelve-month period.
 - Whether an employee exhausted FML does not affect eligibility for paid parental leave.

For purposes of the 12-month and 1,040-hour periods of minimum service listed above, that minimum service may be met by aggregating employment at any of the following:

- State of North Carolina agencies, departments, and institutions, including without limitation the University of North Carolina.
- Public school units that provide paid parental leave in accordance with N.C.G.S. § 126-8.6.

¹ Under 25 NCAC 01D .0114, "A break in service shall be deemed to occur when an employee is not in pay status, as defined in 25 NCAC 01D .0105, for more than 31 calendar days." Pay status is defined to mean, "An employee shall be deemed to be in pay status when working, when on paid leave, when exhausting vacation or sick leave, or when on workers' compensation leave." 25 NCAC 01D .0105(a).

² 25 NCAC 01D .0114. Teachers and other staff operating on a schedule where the teacher works for only part of the year (such as a 10-month or 11-month schedule) shall also not be deemed to have had a break in service.

Paid Parental Leave Policy (cont.)

- Community college institutions of the State of North Carolina.³

Temporary employees are not eligible to participate in this program.

§ 3. Definitions

For purposes of this policy, the terms below mean the following:

State Agency: Any State agency, department, institution, office, board, or commission, including institutions and offices of the University of North Carolina, but excluding the legislative branch, the judicial branch, community college institutions, and public schools. Whether an agency is covered by N.C.G.S § 126-8.6 and this Policy does not depend on whether its employees are otherwise subject to the State Human Resources Act, N.C.G.S. Chapter 126.

Eligible State Employee: A full-time or part-time employee in a permanent, probationary, or time-limited appointment who has been employed without a break in service by a qualifying employer (as listed above in Section 2) in a permanent, time-limited, or probationary appointment for the immediate twelve (12) preceding months and who is eligible for Family and Medical Leave (FML) by being in pay status for at least 1,040 hours in the previous twelve-month period, as set forth in 25 N.C. Admin. Code 01E .1402(a). As noted in Section 2, these 12-month and 1,040-hour periods of minimum service may be met by aggregating employment at several types of qualifying employers.

Parent: Either (a) the mother or father of a child through birth or legal adoption, or (b) an individual who cares for a child through foster or other legal placement under the direction of a government authority.

Child: A newborn biological Child or a newly-placed adopted, foster or otherwise legally placed Child under the age of eighteen (18), whose Parent is an Eligible State Employee.

Paid Parental Leave: 100% paid leave to be provided to an Eligible State Employee either (a) upon the Eligible State Employee giving birth for both recuperation during the disability period and bonding with a newborn Child, or (b) to other Eligible State Employees to care for and bond with a newborn Child or newly adopted, foster or otherwise legally placed Child.

³ See N.C.G.S. § 126-8.6(c1)(1)-(3), added by Section 7.83(a) of Session Law 2023-134.

Paid Parental Leave Policy (cont.)

Note: Agencies granting parental leave must uphold the principle of equal treatment. See Equal Employment Opportunity Commission, *Enforcement Guidance on Pregnancy Discrimination and Related Issues*, Section I(C)(3) (June 25, 2015), available at <https://www.eeoc.gov/laws/guidance/enforcement-guidance-pregnancy-discrimination-and-related-issues>. For example under N.C.G.S. § 126-8.6, the birth mother receives four (4) weeks for recuperation and recovery and four (4) weeks for parental bonding leave, which is equal to the four (4) weeks the other parent receives for parental bonding leave. The non-birth parent did not give birth, so they are not receiving unequal treatment by not receiving recuperation and recovery leave. Alternatively, equal treatment could be structured as both parents receiving eight (8) weeks of parental, bonding leave, which matches the optional alternative form of leave authorized under § 8.2 of this Policy.

Public Safety Concern: A significant impairment to the State Agency's ability to conduct its operations in a manner that protects the health and safety of North Carolinians. The extension of Paid Parental Leave to an Eligible State Employee may constitute a Public Safety Concern if:

- (1) Providing the Paid Parental Leave would result results in State Agency staffing levels below what is required by federal or state law to maintain operational safety; or
- (2) Providing the Paid Parental Leave may impact the health or safety of staff, patients, residents, offenders, or other individuals the State Agency is required by law to protect; and
- (3) The State Agency has been unable to secure supplemental staffing after requesting or diligently exploring alternative staffing options.

Qualifying Event: When an Eligible State Employee becomes a Parent to a Child.

§ 4. OSHR Responsibilities

- Develop and disseminate the rule and policy on the administration of Paid Parental Leave to include how this leave interacts with FML and other leave as applicable.
- Collaborate with State Agencies to ensure State Agency employees, management and staff receive information about and understand the obligations and rights contained in the Paid Parental Leave Policy.
- Report to the Office of the Governor on usage of Paid Parental Leave by September 1 of each year.

Paid Parental Leave Policy (cont.)

- Initiate any additional steps necessary to provide guidance in administering Paid Parental Leave.

§ 5. Agency Responsibilities

- Provide required documentation to employees for completion of the certification process.
- Upon receiving a request for Paid Parental Leave and documentation from the Eligible State Employee, the agency must respond within 5 business days See § 9.3 of this Policy for how the agency must respond.
- There can be no disciplinary actions taken against the employee for being absent while on paid parental leave. However, this provision does not prevent the employee from receiving disciplinary actions for conduct/performance as long as it is not related to the four or eight weeks of paid parental leave unless there is evidence of fraudulent use.
- Employees that have begun approved paid parental leave should not be required to return to work early due to staffing issues.
- Disseminate information concerning the Paid Parental Leave Program to new and existing employees.
- Agencies shall report Paid Parental Leave activities to the Office of State Human Resources by August 1st of each year.
- If the State Agency delays or denies any Paid Parental Leave requests due to Public Safety Concerns, the State Agency must develop a written internal policy and procedure that identifies the criteria that the State Agency will use to provide consistent treatment for all similarly situated employees.
- If the State Agency provides additional leave under the optional authority provided in this Policy, submit to the Office of State Human Resources a written request, signed by the Agency Head (or designee), to develop a Paid Parental Leave program. This must include a copy of the policies and procedures for review.

§ 6. Employee Responsibilities

- Whenever possible, employees shall be required to submit a written request to notify their Employing State Agency ten (10) weeks in advance of their intention to use Paid Parental Leave so that the State Agency may secure backfill coverage.

Paid Parental Leave Policy (cont.)

- Employees may withdraw their request for Paid Parental Leave at any time.
- Employees shall be required to comply with agency leave request procedures, absent unusual circumstances.
- Employees shall be required to submit documentation as listed in § 7 below. State Agencies may take appropriate action if there is evidence that the employee fraudulently requested, used, or otherwise abused Paid Parental Leave. This action may include revoking approval and disciplinary action up to and including dismissal.

§ 7. Certification of Eligibility for Paid Parental Leave

Eligible State Employees shall be required to certify that they will use Paid Parental Leave to give birth to a Child or will use Paid Parental Leave to care for or bond with a Child.

Employees may be required to submit documentation of the birth or placement (if applicable). The initial certification form may be required before the Qualifying Event (unless a birth comes unexpectedly), while the documentation of the birth or placement will be required at a reasonable time after the Qualifying Event. Official documents may include but are not limited to:

<u>Qualifying Event</u>	<u>Acceptable Documentation</u>
Adoption	<ul style="list-style-type: none"> • Adoption Order • Proof of Placement
Birth	<ul style="list-style-type: none"> • Birth Certificate or Report of Birth • Certified DNA Results • Custody Order
Foster Placement	<ul style="list-style-type: none"> • Foster Care Placement Agreement • Custody Order • Proof of Placement
Other Legal Placements	<ul style="list-style-type: none"> • Custody Order • Proof of Placement

Documents provided must show the date of birth or date of placement, if placement was a date other than the date of birth. The name of the legal Parent must appear on some

Paid Parental Leave Policy (cont.)

legal document establishing the birth or placement, such as the birth certificate, a legal document establishing paternity, or a legal document establishing adoption.

§ 8. Leave Available

Unless otherwise stated, the amounts of leave listed below are for a full-time employee. See the section on part-time employees below for the leave available to part-time employees.

Note on Sunset Date of Section 8.2 of This Policy:

When the Human Resources Commission's Paid Parental Leave Policy went into effect in 2019, it offered agencies two options for paid parental leave offered to employees. Almost all agencies selected the option that is reflected in Section 8.1 below. One agency and one commission selected the option reflected in Section 8.2. The May 2023 law on paid parental leave, G.S. 126-8.6(b), matches the structure in Section 8.1 of this policy. The 2023 law does not rescind the Commission's pre-existing authority to issue policies on paid parental leave, but to best match the new law, and to create a uniform policy for state agencies, Section 8.2 will expire February 16, 2024, nine months after the date when G.S. 126-8.6 went into effect.

§ 8.1. Leave Available Under N.C.G.S. § 126-8.6

As a minimum, the leave provided under this § 8.1 of this Policy must be provided by all State Agencies to their Eligible State Employees who are subject to N.C.G.S. § 126-8.6.

All Paid Parental Leave arrangements shall be written and include the responsibilities of both the agency and the employee. Each participant in the Paid Parental Leave arrangement must sign the document that contains the terms of the Paid Parental Leave arrangement. At a minimum, the document shall define the parameters of the Paid Parental Leave arrangement and shall comply with the policy provisions below:

1. Compensation and Benefits: Each week of Paid Parental Leave will be compensated at 100% of the employee's regular, straight-time weekly pay (to exclude shift differential, premium pay, or overtime).

Paid Parental Leave Policy (cont.)

2. State Agencies shall provide four (4) weeks (160 hours) of Paid Parental Leave to Eligible State Employees who have given birth for recuperation during the disability period.
3. In addition, State Agencies shall provide four (4) weeks (160 hours) of Paid Parental Leave to Eligible State Employees for bonding with a newborn child.
4. Parents shall certify that Paid Parental Leave past the recuperation and recovery stage of childbirth is being utilized for bonding with the Child.

§ 8.2. **Optional Alternative Parental Leave Program (available only for qualifying events on or before February 16, 2024)**

Note:

The Paid Parental Leave structure under this Section 8.2 is available only for Qualifying Events that take place on or before February 16, 2024. As long as the Qualifying Event takes place by that date, the leave can continue through and beyond February 2024.

For Qualifying Events that take place after February 16, 2024, employees may take Paid Parental Leave under Section 8.1, above.

As an alternative program, State Agencies may provide the same amount of Paid Parental Leave to parents who gave birth and parents who did not give birth. In this alternative, optional program:

All Paid Parental Leave arrangements shall be written and include the responsibilities of both the agency and the employee. Each participant in the Paid Parental Leave arrangement must sign the document that contains the terms of the Paid Parental Leave arrangement. At a minimum, the document shall define the parameters of the Paid Parental Leave arrangement and shall comply with the policy provisions below:

1. **Compensation and Benefits:** Each week of Paid Parental Leave will be compensated at 100% of the employee's regular, straight-time weekly pay (to exclude shift differential, premium pay, or overtime).
2. State Agencies shall provide eight (8) weeks (320 hours) of Paid Parental Leave to Eligible State Employees to care for and bond with a newborn Child or newly adopted, foster or otherwise legally placed Child. The amount of Paid Parental

Paid Parental Leave Policy (cont.)

Leave awarded through this alternative program shall not exceed eight (8) weeks to Eligible State Employees for birth, adoption, foster or otherwise legal placement of a Child.

3. Parents shall certify that Paid Parental Leave is being utilized for bonding with the Child.

§ 8.3. Leave for Part-Time Employees

Leave for part-time employees will be prorated from the State Agency's standard amount of Paid Parental Leave, as listed above, corresponding to the percentage of hours they normally are scheduled to work.

Note on Effective Date of this Section:

The changes to Section 8.3 of this policy, on the amount of leave for part-time employees, reflect the changes to the paid parental leave law, G.S. 126-8.6, that were made by 2023 House Bill 190, Session Law 2023-65. Therefore, the changes to this section (and this section only) are retroactive to House Bill 190's effective date, July 1, 2023. The changes made by House Bill 190 removed the "not to exceed" limit in G.S. 126-8.6 that would have caused some part-time employees to receive less than a prorated amount of leave.

§ 9. Requesting Use of Paid Parental Leave

§ 9.1. Type of Leave

Eligible State Employees may take Paid Parental Leave in one continuous period or may take intermittent use of Paid Parental Leave. Requests for intermittent use of paid parental leave are subject to the agency's approval as stated below.

§ 9.2. Notification about Intent to Use Leave

Whenever possible, Eligible State Employees shall notify their employing agencies at least 10 weeks in advance of their intention to use Paid Parental Leave. This requirement is so that agencies can secure backfill coverage.

Paid Parental Leave Policy (cont.)

§ 9.3. Agency Response

The agency shall respond in writing to the employee as promptly as possible, and in no fewer than two weeks from the date of receipt.

For employees who gave birth -- The agency shall not deny, delay, or require intermittent use of paid parental leave to Eligible State Employees who have given birth, so long as they seek to use the paid parental leave in one continuous period. If an employee who gave birth wishes to use intermittent, rather than continuous, Paid Parental Leave, the agency may work with the employee on timing as listed below.

For all other employees – This paragraph applies only to Eligible State Employees who either (1) are not birthing parents or (2) are seeking intermittent leave. For these parents, the agency may delay providing Paid Parental Leave or may provide Paid Parental Leave intermittently if it determines that providing the leave will cause a Public Safety Concern.

If the State Agency determines that it must delay Paid Parental Leave, or make Paid Parental Leave intermittent, because of a Public Safety Concern, the agency shall provide Paid Parental Leave as soon as practical following the Qualifying Event.

If both parents are Eligible State Employees, each may receive Paid Parental Leave. Both parents may take their leave simultaneously or at different times, pending no Public Safety Concern.

§ 10. Leave Usage

- Paid Parental Leave may be used only once for a Qualifying Event within a twelve-month period. The fact that a multiple birth, adoption or other legal placement occurs (e.g., the birth of twins or adoption of siblings) does not increase the total amount of paid parental leave granted for that event.
- Unused Paid Parental Leave is forfeited twelve (12) months from the date of the Qualifying Event.
- Paid Parental Leave shall not accrue or be donated to another state employee.
- Eligible State Employees may not use accrued sick leave, annual leave or other leave in lieu of Paid Parental Leave.

Paid Parental Leave Policy (cont.)

- Paid Parental Leave shall not be counted against or deducted from the eligible state employee's accrued leave balances.
- Employees shall not be paid for the leave provided by this Section upon separation from the employer. The leave provided by this Section shall not be used for calculating an employee's retirement benefits and shall not accrue or be donated as voluntary shared leave.
- Leave usage must be recorded in same required increments as all other time.
- Paid parental leave provided under this Section shall be reported separately from all other paid leave. Employees and supervisors are responsible for accurate reporting of the use of this leave on the employee's time record.
- If the employee requires leave before the actual birth or adoption due to medical reasons or to fulfill legal adoption obligations, other available leave balances shall be utilized in accordance with the State Agency's leave policies. Paid Parental Leave shall not be used prior to the Qualifying Event.

§ 11. Relationship to Family and Medical Leave

- Employees using Paid Parental Leave are afforded the remaining job protection under Family and Medical Leave (FML) for an absence up to a total of twelve (12) weeks (480 hours). They may charge personal leave or take leave without pay to cover the additional absence.
- An employee shall be eligible for Paid Parental Leave even if the employee has exhausted FML time consistent with the law covering FML.
- If an employee becomes eligible for FML while on Paid Parental Leave, the employee must apply for and use FML and the leave runs concurrently with FML.

§ 12. Sources of Authority

- This policy is issued under any and all of the following sources of law:
- [N.C.G.S. § 126-8.6 \(N.C. Session Law 2023-14 @ page 30\)](#)
- It is compliant with the Administrative Code rules at:
- [25 NCAC 01E .1901-.1908](#) (Temporary Rules)

Paid Parental Leave Policy (cont.)§ 13. **History of This Policy**

Date	Version
August 1, 2019	First version. Pilot of Paid Parental leave Policy aligned with Executive Order 95, "Providing Paid Parental Leave to eligible state employees," signed by Governor Roy Cooper on May 23, 2019, provides eight (8) weeks of fully paid parental leave to eligible state employees who have given birth to a child and four (4) weeks of fully paid parental leave to eligible state employees in other circumstances involving the birth of a child to those employees, or the adoptive, foster or other legal placement of a child with an eligible state employee.
October 7, 2021	Update the policy to exclude the work "probationary" from the body of the policy as related to "Covered Employees" to alleviate confusion of who is eligible to be awarded the benefit.
June 13, 2023 (effective July 1, 2023)	Added to the policy material from the existing OSHR guidelines establishing implementation procedures. In addition, revised the policy to reflect the terms of new G.S. 126-8.6, which becomes effective July 1, 2023. The new law generally matches Paid Parental Leave policies and procedures under Executive Order 95 and the previous version of this policy. The primary differences are in Paid Parental Leave for part-time employees; to reflect these differences, the policy terms on part-time employees have been revised to reflect the terms of G.S. 126-8.6. The new law requires OSHR to adopt "rules and policies" on Paid Parental Leave. As a result, OSHR will engage in temporary and permanent rulemaking on Paid Parental Leave, and this policy will be updated after rules go into effect.
August 7, 2023	<ul style="list-style-type: none"> Set a sunset date of February 16, 2024 for the alternative Paid Parental Leave structure provided in Section 8.2 of the policy. See the note at the beginning of Section 8 describing the reasons for this change.

Paid Parental Leave Policy (cont.)

	<ul style="list-style-type: none"> • In Section 8.3, changed the Paid Parental Leave formula for part-time employees to reflect statutory revisions in 2023 House Bill 190, Session Law 2023-65. The changes to Section 8.2 (and only those changes) are retroactive to the House Bill 190 effective date, July 1, 2023. • In Section 9.3, clarified that the agency must respond in writing to an employee who has requested Paid Parental Leave.
<p>October 19, 2023</p>	<p>Added language providing that the 12-month and 1,040-hour periods of minimum service may be met by aggregating employment at not only State agencies, departments, and university institutions, but also public school units that provide paid parental leave in accordance with G.S. 126-8.6 and State of North Carolina community college institutions. This change was made to match revisions to N.C.G.S. § 126-8.6 made by Session Law 2023-134.</p>

Exhibit 6: Redline Comparing Temporary Rules to Proposed Permanent Rules

SECTION .1900 – PAID PARENTAL LEAVE

25 NCAC 01E .1901 DEFINITIONS

For the purposes of this Section, the following definitions shall apply:

- (1) "Agency" means any State agency, department, institution, office, board, or commission, including institutions and offices of the University of North Carolina, but excluding the legislative branch, the judicial branch, community college institutions, and public schools.
- (2) "Child" means a child as defined at G.S. 126-8.6(a)(1).
- (3) "Parent" means:
 - (a) the mother or father of a child through birth or legal adoption; or
 - (b) an individual who cares for a child through foster or other legal placement under the direction of a government authority.
- (4) "Qualifying event" means when an employee becomes a parent to a child.

History Note: Authority G.S. 126-5(c19); 126-8.6;
Temporary Adoption Eff. August 25, 2023;
[Permanent Adoption](#), 20 .

25 NCAC 01E .1902 RELATIONSHIP TO OTHER RULES AND POLICIES

- (a) This Section states the terms and conditions only for paid parental leave that is provided under G.S. 126-8.6 by an agency, as defined in Rule .1901 of this Section.
- (b) The paid parental leave provided under this Section is in addition to any other leave authorized by state or federal law. ~~Nothing in this Rule shall prohibit an employer, if authorized, from providing paid parental leave in amounts greater than as required by this Rule.~~

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;
[Permanent Adoption](#), 20 .

25 NCAC 01E .1903 ELIGIBILITY FOR PAID PARENTAL LEAVE

- (a) This Section applies to all agency employees subject to G.S. 126-8.6, whether or not those employees are exempt from other sections of the State Human Resources Act.
- (b) Employees may receive paid parental leave under this Section only if they are in a permanent, time-limited, or probationary appointment. Temporary employees are not eligible for paid parental leave under this Section.
- (c) An agency shall allow an employee to take paid parental leave under this Section only if, at the time of the qualifying event, the employee meets each of the following conditions.
 - (1) For the immediate 12 preceding months, the employee has been employed without a break in service as defined by 25 NCAC 01D .0114 in a permanent, time-limited, or probationary appointment by:
 - (A) the State of North Carolina agencies, departments, and institutions, including without limitation the University of North Carolina;
 - (B) public school units that provide paid parental leave in accordance with G.S. 126-8.6; or
 - (C) community college institutions of the State of North Carolina, aggregating employment at any of these employers.
 - (2) The employee has been in pay status with:
 - (A) the State of North Carolina agencies, departments, and institutions, including without limitation the University of North Carolina;
 - (B) public school units that provide paid parental leave in accordance with G.S. 126-8.6; or
 - (C) community college institutions of the State of North Carolina, for at least 1,040 hours, aggregating employment at any of these employers, during the previous 12-month period.
- (d) This Section applies to requests for paid parental leave related to qualifying events occurring on or after July 1, 2023.

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;
Temporary Adoption Eff. December 22, 2023;
[Permanent Adoption](#), 20 .

25 NCAC 01E .1904 LEAVE AVAILABLE TO FULL-TIME EMPLOYEES

(a) Full-time employees eligible for paid parental leave under this Section may take, in their discretion, up to the following amounts of leave:

- (1) ~~Eight weeks of paid leave after~~ For a parent who gives birth to a child, eight total weeks of paid parental leave, made up of:
 - (~~2~~A) Four weeks ~~of paid leave after~~ for physical and mental recuperation, and
 - (B) Four additional weeks for bonding with the child.
- (2) For any other qualifying event, four weeks of paid parental leave for bonding with the child.

(b) Each week of paid parental leave under this Section shall result in compensation at 100 percent of the eligible employee's regular pay on a straight-time basis (without including overtime pay or paid time off, on the employee's regular weekly schedule).

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023-; Permanent Adoption, 20.

25 NCAC 01E .1905 LEAVE AVAILABLE TO PART-TIME EMPLOYEES

(a) Part-time employees (regardless whether they work half-time or more) shall receive paid parental leave under this Section if they meet all other requirements for eligibility.

(b) Part-time employees eligible for paid parental leave under this Section may take, in their discretion, a prorated amount of leave based on the hours worked in the employee's regular, weekly schedule compared to the hours worked by a full-time employee in a similar position at that agency.

(c) Each week of paid parental leave under this Section shall result in compensation at 100 percent of the eligible employee's regular pay on a straight-time basis (without including overtime pay or paid time off, on the employee's regular weekly schedule).

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023-; Permanent Adoption, 20.

25 NCAC 01E .1906 USE OF OTHER LEAVE

The paid parental leave provided under this Section shall not be counted against or deducted from the employee's sick, vacation, bonus, or other accrued leave. For agency employees, the paid parental leave provided under this Section is in addition to any other leave authorized by law, rule, or policy, including but not limited to leave without pay provided under 25 NCAC 01E .1110, voluntary shared leave under G.S. 126-8.3 and 25 NCAC 01E .1300, or family and medical leave. However, when an employee becomes eligible, as described in 25 NCAC 01E .1400, for family and medical leave, the paid parental leave under this Section shall run concurrently with the family and medical leave.

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023-; Permanent Adoption, 20.

25 NCAC 01E .1907 REQUESTING USE OF PAID PARENTAL LEAVE

(a) Eligible employees may take paid parental leave in one continuous period or may take intermittent use of paid parental leave. Requests for intermittent use of paid parental leave are subject to the agency's approval as stated in Paragraph (d) of this Rule.

(b) Whenever possible, eligible employees shall notify their employing agencies at least 10 weeks in advance of their intention to use paid parental leave. This requirement is so that agencies can secure backfill coverage.

(c) The agency shall not deny, delay, or require intermittent use of paid parental leave to employees who gave birth and seek to use paid parental leave in one continuous period.

(d) For all other employees, the agency may delay providing paid parental leave or may provide paid parental leave intermittently if it determines that providing the leave will cause a public safety concern, meaning a significant impairment to the agency's ability to conduct its operations in a manner that protects the health and safety of North Carolinians. For example, the extension of paid parental leave to an eligible employee who did not give birth may constitute a public safety concern if:

- (1) Providing the paid parental leave would result in agency staffing levels below what is required by federal or state law to maintain operational safety; or
- (2) Providing the paid parental leave may impact the health or safety of staff, patients, residents, offenders, or other individuals the agency is required by law to protect; and
- (3) The agency has been unable to secure supplemental staffing after requesting or diligently exploring alternative staffing options.

(e) If the agency determines that it must delay paid parental leave, or make paid parental leave intermittent, because of a public safety concern under Paragraph (d) of this Rule, the agency shall provide paid parental leave as soon as practical following the qualifying event.

History Note: Authority G.S. 126-8.6;
Temporary Adoption Eff. August 25, 2023;
[Permanent Adoption _____, 20__.](#)

25 NCAC 01E .1908 LEAVE ADMINISTRATION

- (a) Paid parental leave under this Section may be used only once by an eligible employee within a rolling 12-month period.
- (b) The birth or other qualifying event of twins, triplets, or other multiple children shall produce only one award of paid parental leave under this Section.
- (c) Both parents may receive paid parental leave under this Section if they are both eligible agency employees. Both parents may take their leave simultaneously or at different times, subject to Rule .1907 of this Section.
- (d) Employees shall submit documentation that they will use paid parental leave for a qualifying event under this Section. An agency may take appropriate action if an employee fraudulently requested or used paid parental leave. This action may include revoking approval and disciplinary action up to and including dismissal, pursuant to 25 NCAC 01J .0600.
- (e) Employees shall not be paid for the leave provided by this Section upon separation from the employer. The leave provided by this Section shall not be used for calculating an employee's retirement benefits and shall not accrue or be donated as voluntary shared leave.
- (f) Paid parental leave provided under this Section shall be reported separately from all other paid leave. Employees and supervisors are responsible for accurate reporting of the use of this leave on the employee's time record.

History Note: Authority G.S. 126-4(6); 126-8.6; 126-35(a);
Temporary Adoption Eff. August 25, 2023;
[Permanent Adoption _____, 20__.](#)

25 NCAC 01E .1909 LEAVE ADMINISTRATION FOR ADOPTIONS OR FOSTER CARE PLACEMENTS

- (a) When a child is given up for adoption or placed in foster care, from that point forward:
 - (1) The birth parent shall continue to be eligible for the paid parental leave listed in Rule .1904(a)(1)(A) of this Section for physical and mental recuperation; and
 - (2) Each parent shall not be eligible for further use of the paid parental leave listed in Rule .1904(a)(1)(B) of this Section for bonding with the child.
- (b) When a prospective adoptive parent or foster parent expects an adoption or placement, but it does not occur, it does not produce paid parental leave under this Section. However, agencies are encouraged to be flexible and allow adequate time for bereavement to the persons who would have become parents, using sick leave, vacation leave, bonus leave, compensatory time, and any other leave options that may be available to the employee.

History Note: Authority G.S. 126-8.6;
[Permanent Adoption _____, 20__.](#)

25 NCAC 01E .1910 MISCARRIAGE OR STILLBIRTH

- (a) When a fetus dies before 12 weeks of the pregnancy were complete, it is not a qualifying event for paid parental leave under this Section.
- (b) When a fetus dies after the 12th completed week of pregnancy, but before childbirth is complete:

(1) If the birth parent meets the eligibility requirements in Rule .1903 of this Section, the birth parent may receive the paid parental leave listed in Rule .1904(a)(1)(A) of this Section. This leave is four weeks for a full-time eligible state employee.

(2) The parents shall not receive the paid parental leave for bonding with the child that is listed in Rule .1904(a)(1)(B) and Rule .1904(a)(2) of this Section.

(c) When a child dies after childbirth is complete, each parent of the child who meets the eligibility requirements in Rule .1903 of this Section shall receive the full paid parental leave listed in Rule .1904(a)(1) and (a)(2). The paid parental leave will not be ended at the time of the child's death.

(d) In any of the situations above, agencies are encouraged to be flexible and allow adequate time to the parents for bereavement and recovery, using sick leave, vacation leave, bonus leave, compensatory time, and any other leave options that may be available to the employee.

History Note: Authority G.S. 126-8.6;
Permanent Adoption , 20 .

Exhibit 7: State Agency Headcount Data

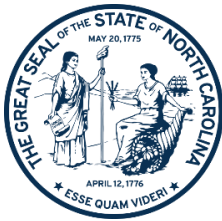
		September 2019	September 2020	September 2021	September 2022	September 2023
Grand Total	Total	60,469	60,909	58,847	55,577	55,319
Governor's Cabinet	Total	54,217	54,582	52,542	49,334	49,086
Governor's Cabinet	Commerce	1,362	1,420	1,497	1,338	1,306
Governor's Cabinet	DAC & DPS	20,830	21,410	20,390	18,920	18,483
Governor's Cabinet	DEQ	1,485	1,497	1,494	1,425	1,544
Governor's Cabinet	DHHS	15,908	16,011	15,231	13,825	13,578
Governor's Cabinet	DIT	1,080	1,139	1,105	1,117	1,181
Governor's Cabinet	DMVA	93	97	98	100	104
Governor's Cabinet	DNCR	1,814	1,775	1,771	1,731	1,759
Governor's Cabinet	DOA	444	444	455	443	466
Governor's Cabinet	DOR	1,290	1,323	1,325	1,304	1,297
Governor's Cabinet	DOT	9,710	9,242	8,944	8,870	9,091
Governor's Cabinet	Gov. Office	53	56	61	64	69
Governor's Cabinet	OSBM	62	77	88	107	115
Governor's Cabinet	OSHR	86	91	83	90	93
Council of State	Total	5,124	5,203	5,156	5,093	5,065
Council of State	Agriculture	1,855	1,859	1,842	1,785	1,729
Council of State	DOI	568	565	552	555	546
Council of State	DOJ	728	749	725	729	748
Council of State	DOL	333	334	326	315	328
Council of State	DPI	942	979	997	1,002	1,004
Council of State	Lt. Gov. Office	6	6	7	9	9
Council of State	OSA	131	140	146	135	125
Council of State	Sec. of State	181	184	172	168	171
Council of State	Treasurer	380	387	389	395	405
Boards & Commissions	Total	905	900	922	925	931
Boards & Commissions	Auctioneer Lic	2	2	2	2	2
Boards & Commissions	Barber Exam	5	5	6	6	
Boards & Commissions	Comm. Colleges	183	183	191	198	214
Boards & Commissions	Cosmetic Arts	24	24	25	25	24
Boards & Commissions	Elections & Ethics	56	70	74	73	68
Boards & Commissions	Opticians	1	1	1	1	1
Boards & Commissions	Psychology	5	5	5	6	5
Boards & Commissions	WRC	629	610	618	614	611
Other (Admin. Hearings, State Controller)	Total	223	224	227	225	237
Other (Admin. Hearings, State Controller)	Admin Hearings	57	57	52	52	52
Other (Admin. Hearings, State Controller)	OSC	166	167	175	173	185

		September 2020	September 2023	Employee increase if return to Sept. 2020 levels	Employee increase as a percentage of Sept. 2023 levels
Grand Total	Total	60,909	55,319	5,590	10.1%
Governor's Cabinet	Total	54,582	49,086	5,496	11.2%
Governor's Cabinet	Commerce	1,420	1,306	114	8.7%
Governor's Cabinet	DAC & DPS	21,410	18,483	2,927	15.8%
Governor's Cabinet	DEQ	1,497	1,544	-47	-3.0%
Governor's Cabinet	DHHS	16,011	13,578	2,433	17.9%
Governor's Cabinet	DIT	1,139	1,181	-42	-3.6%
Governor's Cabinet	DMVA	97	104	-7	-6.7%
Governor's Cabinet	DNCR	1,775	1,759	16	0.9%
Governor's Cabinet	DOA	444	466	-22	-4.7%
Governor's Cabinet	DOR	1,323	1,297	26	2.0%
Governor's Cabinet	DOT	9,242	9,091	151	1.7%
Governor's Cabinet	Gov. Office	56	69	-13	-18.8%
Governor's Cabinet	OSBM	77	115	-38	-33.0%
Governor's Cabinet	OSHR	91	93	-2	-2.2%
Council of State	Total	5,203	5,065	138	2.7%
Council of State	Agriculture	1,859	1,729	130	7.5%
Council of State	DOI	565	546	19	3.5%
Council of State	DOJ	749	748	1	0.1%
Council of State	DOL	334	328	6	1.8%
Council of State	DPI	979	1,004	-25	-2.5%
Council of State	Lt. Gov. Office	6	9	-3	-33.3%
Council of State	OSA	140	125	15	12.0%
Council of State	Sec. of State	184	171	13	7.6%
Council of State	Treasurer	387	405	-18	-4.4%
Boards & Commissions	Total	900	931	-31	-3.3%
Boards & Commissions	Auctioneer Lic	2	2	0	0.0%
Boards & Commissions	Barber Exam	5		5	n/a
Boards & Commissions	Comm. Colleges	183	214	-31	-14.5%
Boards & Commissions	Cosmetic Arts	24	24	0	0.0%
Boards & Commissions	Elections & Ethics	70	68	2	2.9%
Boards & Commissions	Opticians	1	1	0	0.0%
Boards & Commissions	Psychology	5	5	0	0.0%
Boards & Commissions	WRC	610	611	-1	-0.2%
Other (Admin. Hearings, State Controller)	Total	224	237	-13	-5.5%
Other (Admin. Hearings, State Controller)	Admin Hearings	57	52	5	9.6%
Other (Admin. Hearings, State Controller)	OSC	167	185	-18	-9.7%

Source: OSHR analysis of data taken from the HR-Payroll System

Exhibit 8: OSHR Report on Executive Order 95 (Sept. 8, 2023)

2023 PAID PARENTAL LEAVE REPORT



NORTH CAROLINA Office of *State Human Resources*

Report to the Governor's Office on Executive Order No. 95,
Providing Paid Parental Leave to Eligible State Employees
for the Period of July 1, 2022, through June 30, 2023

SEPTEMBER 8, 2023

Barbara Gibson | State Human Resources Director
Andrea Clinkscales | Director, Total Rewards Division

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Executive Summary

On May 23, 2019, Governor Roy Cooper signed [Executive Order 95, Providing Paid Parental Leave to Eligible State Employees](#). Executive Order 95 provides eight weeks of fully Paid Parental Leave to eligible state employees who have given birth to a child. Executive Order 95 also provides four weeks of fully Paid Parental Leave to eligible state employees who are the non-birthing parent; this includes both a spouse giving birth or a situation where the employee has become a parent through adoption, foster or other legal placement of a child.¹ In accordance with the Executive Order, Paid Parental Leave became effective September 1, 2019.

Paid Parental Leave runs concurrently with Family and Medical Leave (FML), which provides eligible employees with up to 12 weeks of unpaid, job-protected leave per year. However, while on Paid Parental Leave, eligible employees receive 100 percent of their straight time pay. Eligible employees have the option to take Paid Parental Leave in one continuous period or to use Paid Parental Leave intermittently. Employees are granted 12 months after the date of eligibility to use Paid Parental Leave.

As of June 30, 2023, more than 7,500 state employees have used Paid Parental Leave since the benefit became available. The State's Paid Parental Leave is gender-neutral and the North Carolina Office of State Human Resources (OSHR) is committed to providing agencies guidance and training to ensure the leave is used equitably. The total salary paid to employees taking Paid Parental Leave since September 2019 is \$40,980,801.53.

Paid Parental Leave is a vital benefit that is leveraged as a recruitment and retention tool to improve recruitment initiatives across the state and retain state employees who support agencies in meeting their mission to provide programs and services to the people of North Carolina.

In May 2023, the North Carolina General Assembly enacted a new statute, N.C.G.S. 126-8.6, which reflects the same Paid Parental Leave structure established four years earlier in Executive Order 95. Under the new law, effective July 1, 2023, Paid Parental Leave is available to all state agency and university employees, as well as public school employees, employees of community college institutions, and employees of the legislative and judicial branches.

"The North Carolina Office of State Human Resources is dedicated to providing well-rounded, family-friendly benefits that help recruit job seekers to join our state government," said State Human Resources Director Barbara Gibson. "We are encouraged by the General Assembly's new law that provides Paid Parental Leave to a broader group of state employees, including public school employees and community college employees. The new Paid Parental Leave benefits, which match the structure under Governor Cooper's Executive Order 95, are essential to ensuring the work-life balance of our new parents. I am hopeful that Paid Parental Leave

¹ Paid Parental Leave is structured as (1) four weeks for recuperation and recovery, which is available only to eligible employees who gave birth, and (2) four weeks for parental bonding, which is available to both eligible employees who gave birth and eligible employees who did not give birth. Through this structure, employees who gave birth receive eight weeks of Paid Parental Leave, while employees who did not give birth receive four weeks. These leave amounts are for full-time eligible employees; part-time employees receive prorated leave.

under this new law will encourage dedicated, public service-oriented individuals to not only join state agencies but also our public schools and community colleges."

Research suggests that organizations that offer Paid Parental Leave experience improvements in recruitment, retention, and employee engagement.² Paid Parental Leave policies also promote wellness by providing birth parents the time needed to recover from childbirth, bond with a new baby, attend regular medical checkups and manage family caregiving responsibilities. Research suggests children whose parents have access to Paid Parental Leave are more likely to attend regular medical checkups and have fewer health problems.

Based on a review of the data, Paid Parental Leave is utilized across the full age spectrum, ranging from 20 to 69 years. However, employees in the 30-39 age range continue to be in the group with the highest utilization of Paid Parental Leave. Paid Parental leave utilization by gender is roughly the same when comparing the number of female employees (3,829) to male employees (3,762) who have utilized this benefit since it became available in 2019.



Participating Agencies and Universities

The Paid Parental Leave program under Executive Order 95 is offered to state employees of any North Carolina department, agency, board or commission under the Governor’s oversight.

Cabinet Agencies	
Administration	Adult Correction
Commerce	Environmental Quality
Health and Human Services	Information Technology
Military and Veterans Affairs	Natural and Cultural Resources
Office of the Governor	Office of State Budget and Management
Office of State Human Resources	Public Safety
Revenue	State Bureau of Investigation
Transportation	

In addition, the following non-Cabinet agencies have voluntarily agreed to provide Paid Parental Leave to eligible employees.

² [How employers can support paid parental leave \(apa.org\)](https://www.apa.org)

Non-Cabinet Agencies	
Agriculture and Consumer Services	Commissioner of Banks
Community College System	Education Lottery*
Justice	Labor
Office of Administrative Hearings	Office of Secretary of State
Office of State Controller	Public Instruction
Psychology Board	State Auditor
State Board of Elections	Wildlife Resources Commission

*The NC Education Lottery, an independent part of state government, also offers Paid Parental Leave to eligible employees.

The two non-Cabinet state agencies that do not participate in Paid Parental Leave are the Department of Insurance and the Department of State Treasurer.

All 17 University of North Carolina (UNC) constituent institutions and the UNC System Office offer Paid Parental Leave to their employees.

Universities	
Appalachian State University	East Carolina University
Elizabeth City State University	Fayetteville State University
North Carolina Agricultural and Technical State University	North Carolina Central University
North Carolina School of Science and Math	North Carolina State University
UNC Asheville	UNC Chapel Hill
UNC Charlotte	UNC Greensboro
UNC Pembroke	UNC School of the Arts
UNC System Office	UNC Wilmington
Western Carolina University	Winston Salem State University

Pilot Program

Section 126-1 of the North Carolina General Statutes establishes one system of personnel administration under the Governor. Currently, nothing allows separate leave or benefit policies for State Human Resources Act (SHRA) subject employees to be independently established outside of the confines of Chapter 126 by any official except the Governor.

The State Human Resources Commission and the Office of the Governor approved a pilot plan to provide an alternate option for participating agencies to administer Paid Parental Leave. The Commission established a policy to align with the pilot plan. The pilot program provides eight weeks of fully Paid Parental Leave to all eligible state employees who become parents, regardless of whether they have given birth to a child or became a parent in other circumstances.³

³ In the pilot program, all eight weeks of Paid Parental Leave are structured as bonding leave.

Since the policy was established, only two state entities have participated in the pilot program: the Department of Justice and the North Carolina Psychology Board.⁴

Reporting Responsibility

Executive Order 95 and the Paid Parental Leave Policy also charge OSHR to report to the Office of the Governor on the implementation and usage of Paid Parental Leave by September 1, 2020, and each year thereafter. The reporting period for this report is July 1, 2022, to June 30, 2023.

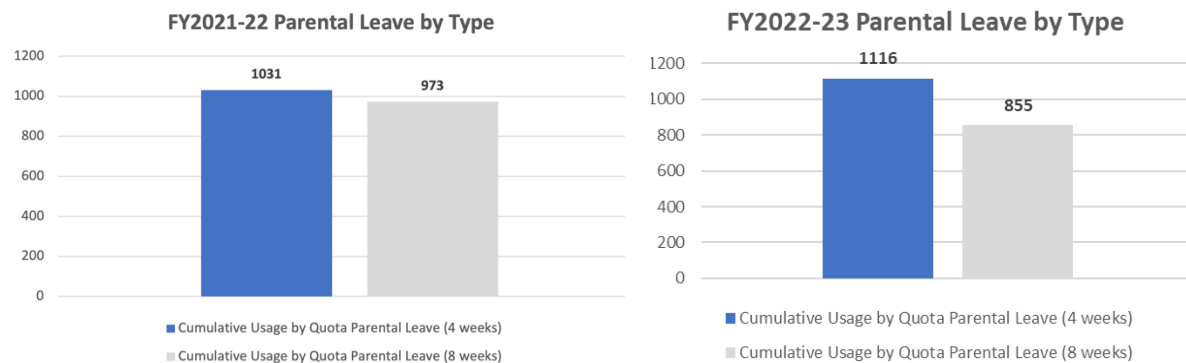
The previous year’s report can be found on the OSHR website by clicking [here](#).

Conclusion

Since the inception of Executive Order 95, more than 7,500 state employees have used Paid Parental Leave. OSHR and state agencies continue to market the benefits of the Paid Parental Leave program, as research suggests organizations that offer paid leave tend to experience an improvement in recruitment, retention, and employee engagement. Beginning July 1, 2023, under new N.C.G.S. 126-8.6, Paid Parental Leave will be available under the same structure to all state agency and university employees, as well as public school employees, employees of community college institutions, and employees of the legislative and judicial branches.

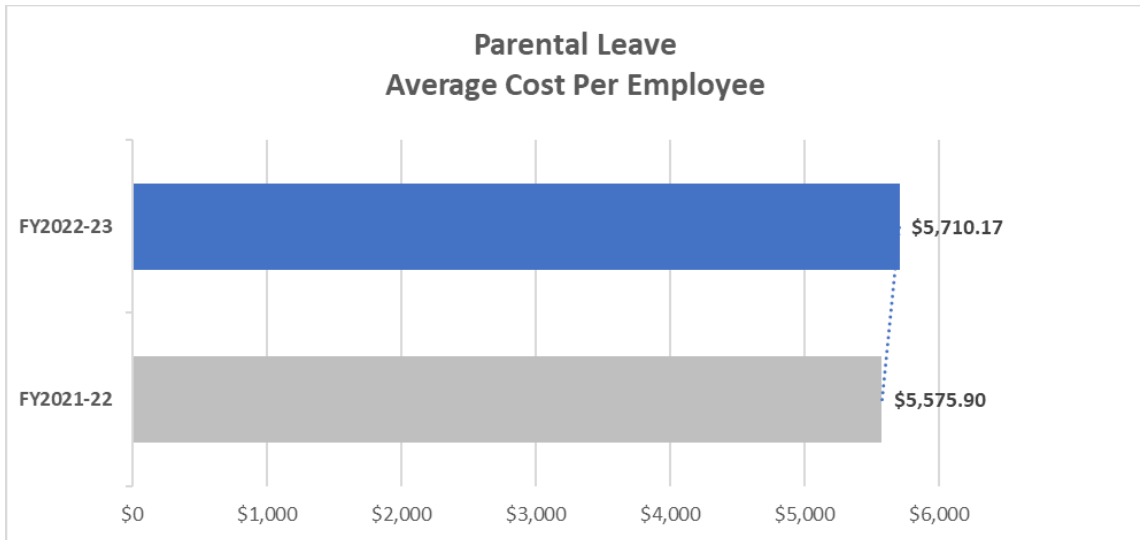
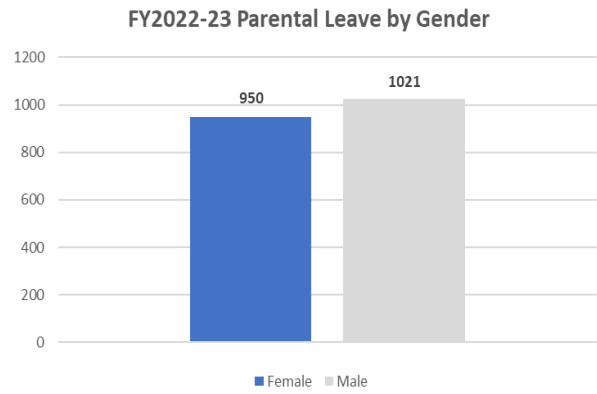
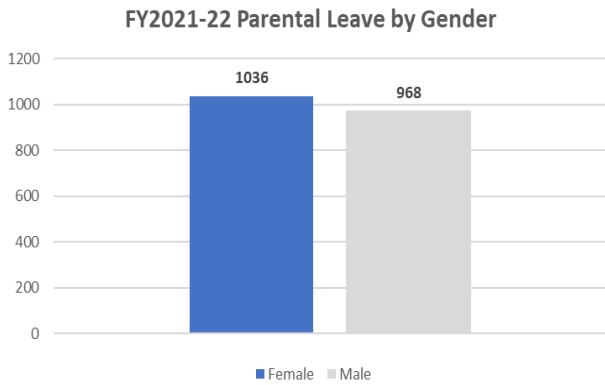
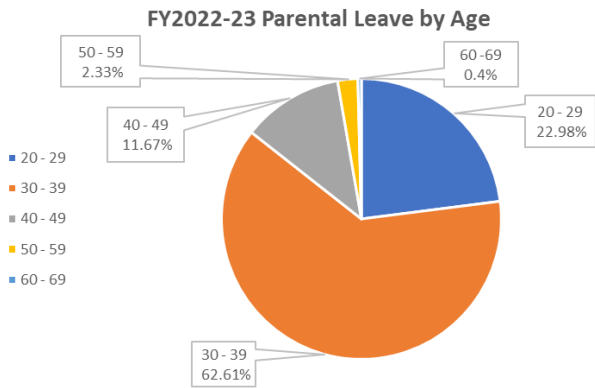
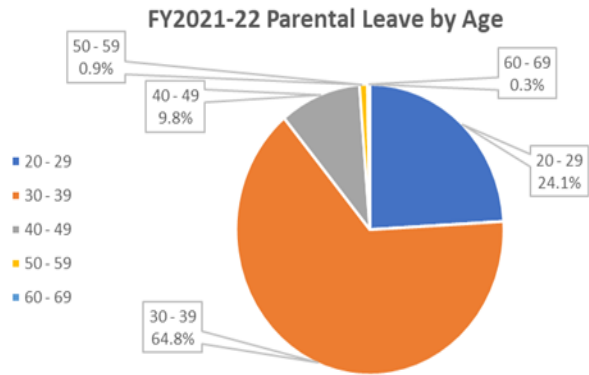
Data and Metrics

The data and metrics listed below summarize Paid Parental Leave by usage by employees in participating state agencies and universities. All data for FY2022-23 is presented in tables, along with comparisons to FY2021-22 represented in charts and graphs.



All references to “cost” in the tables below list the salary to employees while they are out of the office on Paid Parental Leave. Note that Paid Parental Leave would not produce any additional cost to the State unless the employer hires another employee to temporarily backfill the duties of the employee who is out on leave.

⁴ Under an August 2023 change to the Paid Parental Leave Policy, this pilot program will expire for qualifying events after February 16, 2024. After that date, Paid Parental Leave will be available only in the structure in Executive Order 95 and the new statute: eight weeks for birthing parents and four weeks for all other parents.



Employee Usage by Agency			
Agency	Parental Leave (4 weeks)	Parental Leave (8 weeks)	Total
Administration	7	2	9
Adult Correction	157	107	264
Agriculture and Consumer Services	32	7	39
Commerce	8	10	18
Commissioner of Banks	0	1	1
Community College System	1	1	2
Dept of Justice	0	19	19
Dept of Military and Veterans Affairs	2	1	3
Education Lottery	1	1	2
Environmental Quality	22	8	30
Health & Human Services	68	161	229
Information Technology	11	2	13
Labor	2	1	3
Natural and Cultural Resources	4	2	6
Office of Administrative Hearing	1	0	1
Office of State Budget and Management	1	3	4
Office of State Controller	1	0	1
Office of State Human Resources	2	0	2
Office of the Governor	2	3	5
Public Instruction	5	12	17
Public Safety	201	64	265
Psychology Board	0	0	0
Revenue	9	19	28
State Auditor	3	2	5
State Board of Elections	0	0	0
State Bureau of Investigation	23	5	28
Transportation	200	32	232
Wildlife Resources Commission	32	3	35
Totals	797	467	1264

Agency Totals by Gender		
Gender	Number of Employees	Salary Cost
Female	502	\$3,466,251.99
Male	762	\$2,811,928.22
Totals	1264	\$6,278,180.21

Agency Average Salary Cost per Employee		
Number of Employees	Total Cost	Average Cost
1264	\$6,278,180.21	\$4,966.91

Totals Hours Used by Agency		
Agency	Total Hours Used	Salary Cost
Administration	1,171.25	\$36,653.02
Adult Correction	47,747.63	\$1,129,456.09
Agriculture and Consumer Services	6,450.43	\$145,192.90
Commerce	3,652.00	\$100,951.08
Commissioner of Banks	320.00	\$15,894.40
Community College System	176.00	\$11,781.04
Dept of Justice	5,308.00	\$203,880.08
Dept of Military and Veterans Affairs	640.00	\$13,219.20
Education Lottery	480.00	\$12,115.20
Environmental Quality	5,467.50	\$171,364.37
Health Human Services	54,517.66	\$1,330,823.76
Information Technology	1,799.00	\$72,262.67
Labor	593.00	\$20,611.58
Natural and Cultural Resources	422.00	\$8,516.22
Office of Administrative Hearing	160.00	\$3,656.00
Office of State Budget and Management	880.00	\$32,740.00
Office of State Controller	160.00	\$5,467.20
Office of State Human Resources	235.00	\$11,223.75
Office of the Governor	896.00	\$41,177.28
Public Instruction	4,097.00	\$159,044.26
Public Safety	44,761.25	\$1,235,054.19
Psychology Board	0.00	\$0.00
Revenue	5,917.58	\$157,662.60
Secretary of State	532.50	\$11,193.43
State Auditor	1,048.00	\$40,227.60
State Board of Elections	0.00	\$0.00
State Bureau of Investigation	3,685.50	\$111,544.16
Transportation	33,198.47	\$1,051,276.99
Wildlife Resources Commission	5,462.00	\$145,191.16
Totals	229,777.77	\$6,278,180.21

Agency Totals by Age Group		
Age	Count by Age	Salary Cost
20 - 29	345	\$1,440,629.52
30 - 39	728	\$3,913,568.47
40 - 49	148	\$772,471.55
50 - 59	38	\$139,466.03
60 - 69	5	\$12,044.65
Totals	1264	\$6,278,180.21

Agency Employee Usage by Ethnicity			
Agency Ethnicity	Parental Leave (4 weeks)	Parental Leave (8 weeks)	Total
American Indian or Alaskan Native	20	7	27
Asian	10	10	20
Black or African American	142	184	326
Hispanic or Latino	18	16	34
Native Hawaiian or Pacific Islander	1	0	1
Not Specified	2	1	3
Two or More Races	12	11	23
White	592	238	830
Totals	797	467	1264

Employee Usage by University			
University	Parental Leave (4 Weeks)	Parental Leave (8 Weeks)	Total
Appalachian State University	14	28	42
East Carolina University	33	43	76
Elizabeth City State University	1	0	1
Fayetteville State University	3	3	6
North Carolina Agricultural and Technical State University	7	5	12
North Carolina Central University	14	9	23
North Carolina State University	77	88	165
School of Science and Math	3	2	5
UNC Asheville	6	2	8
UNC Chapel Hill	96	122	218
UNC Charlotte	10	24	34
UNC Greensboro	14	13	27
UNC Pembroke	3	6	9
UNC School of the Arts	3	2	5
UNC System Office	7	4	11
UNC Wilmington	13	23	36
Western Carolina University	14	11	25
Winston Salem State University	1	3	4
Totals	319	388	707

University Totals by Gender		
Gender	Number of Employees	Salary Cost
Female	448	\$3,723,606.92
Male	259	\$1,252,953.08
Totals	707	\$4,976,559.99

University Average Salary Cost per Employee		
Number of Employees	Total Cost	Average Cost
707	\$4,976,559.99	\$7,038.98

Total Hours Used by University		
University	Total Hours Used	Salary Cost
Appalachian State University	10,768.00	\$266,162.23
East Carolina University	17,201.25	\$453,655.97
Elizabeth City State University	136.00	\$2,352.80
Fayetteville State University	1,440.00	\$36,627.20
North Carolina Agricultural and Technical State University	2,048.00	\$65,784.96
North Carolina Central University	3,600.00	\$100,980.80
North Carolina School of Science and Math	1,120.00	\$35,790.40
North Carolina State University	40,480.00	\$1,344,568.00
UNC Asheville	1,496.00	\$35,487.17
UNC Chapel Hill	48,472.00	\$1,697,687.85
UNC Charlotte	8,023.25	\$250,182.71
UNC Greensboro	5,652.00	\$157,770.06
UNC Pembroke	1,880.00	\$35,455.24
UNC School of the Arts	1,112.00	\$36,648.01
UNC System Office	1,704.00	\$61,353.20
UNC Wilmington	8,318.00	\$259,411.92
Western Carolina University	4,752.00	\$119,742.96
Winston Salem State University	704.00	\$16,898.50
Totals	158,906.50	\$4,976,559.99

University Totals by Age Group		
Age	Counts by Age	Salary Cost
20 - 29	108	\$648,361.69
30 - 39	506	\$3,631,132.81
40 - 49	82	\$630,183.33
50 - 59	8	\$36,418.92
60 - 69	3	\$30,463.25
Totals	707	\$4,976,559.99

University Employee Usage by Ethnicity			
Ethnicity	Parental Leave (4 Weeks)	Parental Leave (8 Weeks)	Total
American Indian or Alaska Native	2	5	7
Asian or Pacific Islander	10	21	31
Black or African American	56	48	104
Hispanic or Latino	15	22	37
Not Specified	63	76	139
Two or More Races	3	8	11
White	170	208	378
Totals	319	388	707

Cumulative Usage by Quota			
Agency/University	Parental Leave (4 weeks)	Parental Leave (8 weeks)	Total
Agency	797	467	1264
University	319	388	707
Totals	1116	855	1971

Cumulative Hours Used		
Agency/University	Total Hours Used	Salary Cost
Agency	229,777.77	\$6,278,180.21
University	158,906.50	\$4,976,559.99
Totals	388,684.27	\$11,254,740.20

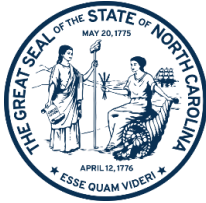
Cumulative Totals by Gender		
Gender	Number of Employees	Total Cost
Female	950	\$7,189,858.91
Male	1021	\$4,064,881.29
Totals	1971	\$11,254,740.20

Cumulative Salary Cost per Employee		
Number of Employees	Cost	Average Cost
1971	\$11,254,740.20	\$5,710.17

Cumulative Totals by Age Group		
Age	Count by Age	Salary Cost
20 - 29	453	\$2,088,991.21
30 - 39	1234	\$7,544,701.27
40 - 49	230	\$1,402,654.87
50 - 59	46	\$175,884.95
60 - 69	8	\$42,507.90
Totals	1971	\$11,254,740.20

Cumulative Ethnicity by Age Group						
Ethnicity	Ethnicity by Age					Number of Employees
	20 - 29	30 - 39	40 - 49	50 - 59	60 - 69	Total
American Indian or Alaska Native	12	14	7	1	0	34
Asian	2	41	7	0	1	51
Black or African American	91	244	68	23	4	430
Hispanic or Latino	19	48	4	0	0	71
Native Hawaiian or Pacific Islander	0	1	0	0	0	1
Not Specified	28	96	18	0	0	142
Two or More Races	15	18	1	0	0	34
White	286	772	125	22	3	1208
Totals	453	1234	230	46	8	1971

2023 PAID PARENTAL LEAVE REPORT



NORTH CAROLINA Office of *State Human Resources*

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Barbara Gibson | State Human Resources Director
Andrea Clinkscales | Director, Total Rewards Division

Exhibit 9: Analysis of Impact of Adding Agencies That Did Not Participate in Paid Parental Leave Before the 2023 Statute

Agency headcount, sorted by whether agency participated in paid parental leave before the 2023 statute

September 2023

Agencies participating in PPL before 2023 statute

	Total	54,326
Governor's Cabinet	Commerce	1,306
Governor's Cabinet	DAC & DPS	18,483
Governor's Cabinet	DEQ	1,544
Governor's Cabinet	DHHS	13,578
Governor's Cabinet	DIT	1,181
Governor's Cabinet	DMVA	104
Governor's Cabinet	DNCR	1,759
Governor's Cabinet	DOA	466
Governor's Cabinet	DOR	1,297
Governor's Cabinet	DOT	9,091
Governor's Cabinet	Gov. Office	69
Governor's Cabinet	OSBM	115
Governor's Cabinet	OSHR	93
Council of State	Agriculture	1,729
Council of State	DOJ	748
Council of State	DOL	328
Council of State	DPI	1,004
Council of State	OSA	125
Council of State	Sec. of State	171
Boards & Commissions	Comm. Colleges	214
Boards & Commissions	Elections & Ethics	68
Boards & Commissions	Psychology	5
Boards & Commissions	WRC	611
Other (Admin. Hearings, State Controller)	Admin Hearings	52
Other (Admin. Hearings, State Controller)	OSC	185

Agencies that elected not to participate in PPL before 2023 statute

	Total	951
Council of State	DOI	546
Council of State	Treasurer	405

Agencies that use the HR-Payroll System and show no use of paid parental leave since 2019

	Total	36
Council of State	Lt. Gov. Office	9
Boards & Commissions	Auctioneer Lic	2
Boards & Commissions	Barber Exam	
Boards & Commissions	Cosmetic Arts	24
Boards & Commissions	Opticians	1

Agencies participating in PPL before 2023 statute	54,326
Agencies that elected not to participate in PPL before 2023 statute	951
Agencies that use the HR-Payroll System and show no use of paid parental leave since 2019	36
Grand total headcount	55,319

Calculation of percentage increase from adding agencies that have not participated in PPL

Agencies that elected not to participate in PPL before 2023 statute	951
Agencies that use the HR-Payroll System and show no use of paid parental leave since 2019	36
Total	987
	divided by
Grand total headcount	55,319
	equals
Percentage increase	1.784%

Source: OSHR analysis of data taken from the HR-Payroll System