

## Bonding Leave Would Generate \$379 Million in Annual Net Benefits to PA Families, Businesses, and the Commonwealth

Statewide paid family leave, and especially bonding leave following a child's birth, is one of the most effective policies a state can implement to support young children and their families. 'Bonding leave' is leave taken to care for a new child after birth, adoption, or foster care placement. Rigorous evidence shows that bonding leave can improve parent-child relationships, boost parent and child health, and promote parental employment, among other benefits.<sup>1</sup>

Pennsylvania H.B. 181 was introduced to the General Assembly in 2023 to create a new paid family leave program. The bill is under consideration in the current Session.

To better understand the impact on beneficiaries, employers, and the commonwealth, the Prenatal-to-3 Policy Impact Center at Vanderbilt University conducted a benefit-cost analysis modeled on Pennsylvania H.B. 181. The benefits to society are likely conservative. The cost and benefit estimates are based on research of programs adding 6 weeks of bonding leave to the existing 6 weeks of medical leave for a child's birth. H.B. 181 proposes access to a 20-week leave.

### Paid Bonding Leave is a Solid Investment for Pennsylvania

Annual societal benefit outweighs costs by 18 to 1.

Generates \$379 million in annual net benefits to PA families, businesses, and the commonwealth.

Generates \$1.7 billion in lifetime net benefits for each year of births.

H.B. 181 is budget neutral! Funded through payroll contributions; does not affect General Fund Budget.

### Summary of H.B. 181

The design of a paid family leave program impacts if and how different families access leave, the costs of the program, and the benefits of the program.

H.B. 181 (and amendments) legislative details:

- Replaces wages at 90% for low wage-earners, and 70% for average wage-earners.
- Permits a parent to claim benefits for up to 20 weeks for bonding with a new child.
- Introduces a payroll premium to fund all of the paid family and medical leave programs, including bonding leave. This premium is variable year-over-year, based on the solvency and take-up rates of the program, but with a maximum premium set at 1% of wages.
- Employers and employees are each responsible for half of this payroll premium.

Using a model developed by the US Department of Labor, we estimate that the PA program more than pays for itself with a 1% payroll premium shared equally between employers (0.5%) and employees (0.5%).

#### ABOUT US

Led by Dr. Cynthia Osborne, our team of more than 30 nonpartisan researchers, policy experts, data analysts, and communicators has deep policy expertise in early care and learning, child and parent health, and economic and family supports.

#### CONNECT WITH US

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<sup>1</sup> For more information, see the full evidence review for paid family leave: <https://pn3policy.org/policy-clearinghouse/paid-family-leave/>.

## H.B. 181 Impact of Implementing One Year of Bonding Leave\*

	EXPECTED SOCIAL IMPACT	ESTIMATED ECONOMIC BENEFIT
Tax revenue for the commonwealth	Increase in sales, income, and corporate tax revenue	\$3.4 million in additional income tax revenue, and \$14.9 million in sales tax revenue annually
Maternal employment	431,006 more weeks worked per year, amounting to 5,388 additional full-time workers each year; 6,836 additional mothers working at their pre-birth employer at child's first birthday	
Food security	11,779 individuals lifted out of very low food security	\$28.1 million in healthcare costs avoided annually
Earnings	Increased income for families with infants	\$109 million in additional household income annually
Infant care	191,827 fewer months of infant child care needed	\$222 million in additional disposable income annually for families, \$6.4 million in subsidized child care costs for the commonwealth avoided annually
Business revenue	Decrease in job turnover, more productivity, and more female leadership	\$12.8 million in additional business revenue annually
Leave taking	Between 1.3 and 1.5 million additional days mothers spend at home bonding; 215,635 additional days for fathers	
Hospitalizations	865 fewer infants hospitalized	\$55.2 million in healthcare costs avoided annually
Breastfeeding	13 premature maternal deaths averted; fewer cases of breast cancer, heart attacks, diabetes, and hypertension	\$178 million in lifetime benefits, and \$9.4 million in healthcare costs avoided over a lifetime
Severe child maltreatment	7 fewer cases of pediatric abusive head trauma each year	\$17.6 million in healthcare, special education, criminal justice, and other costs avoided over the lifetime
Alcohol consumption	10,642 fewer fathers consuming alcohol, 6,680 fewer consuming alcohol heavily	
Vaccinations	260 additional 2-month-olds receiving all vaccines on-time	
Postpartum health	2,238 additional routine postpartum visits attended	
Mental health	Fewer mothers reporting postpartum psychological distress	
Poverty	4,628 children lifted out of poverty	\$546 million in costs avoided over the lifetime
Infant mortality	20 infant lives saved	\$542 million in lifetime benefits

\* All costs and benefits are based on evidence from rigorous causal studies on the effect of bonding leave in a state.