

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$9,803,320			
CASH FUNDS	\$5,558,000	\$0	\$201,552,625	\$543,919,193
FEDERAL FUNDS				
OTHER FUNDS			\$67,660	\$67,660
TOTAL FUNDS	\$15,361,320	\$0	\$201,620,285	\$543,986,853

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 57 is the Paid Family and Medical Leave Insurance Act.

Section 2 provides definitions for the Act.

Under the Act, beginning January 1, 2025, covered individuals may take paid family and medical leave for specified qualifying reasons. Qualifying reasons are listed in section 3. The maximum amount of time that paid leave shall be provided is twelve (12) weeks. For intermittent leave, the maximum amount shall be sixty (60) work days during any benefit year.

Section 4 provides for the amount of benefits to be paid to covered individuals. Payments shall be ninety percent (90%) of the portion of the individual average weekly wage that is at or below fifty percent (50%) of the state average weekly wage and fifty percent (50%) of the portion of the individual average weekly wage that is above fifty percent (50%) of the state average weekly wage.

Section 6 creates the Paid Family and Medical Leave Insurance Fund. The fund shall be administered by the Commissioner of Labor and consist of private donations, money transferred by the Legislature, and contributions from covered employers. Beginning January 1, 2024 covered employers shall remit contributions to the fund. The commissioner shall be responsible for evaluating and determining on an annual basis the contribution amounts necessary to finance the total amount of family and medical leave benefits payable under the Act. At no time shall the contributions of a covered employer exceed one percent (1%) of the gross wages paid to covered individuals by the employer. On October 1, 2023, the State Treasurer shall transfer \$5,558,000 from the Nebraska Health Care Cash Fund to the Paid Family and Medical Leave Insurance Fund. These dollars shall be used to pay the upfront administrative costs related to the Act and repaid to the Nebraska Health Care Cash Fund when the commissioner determines that the Paid Family and Medical Leave Insurance Fund will have sufficient funds to pay all required benefits after such repayment is made. In no case shall such repayment be made later than October 1, 2027.

Section 8 provides for protections of covered individuals who return from leave covered under the Act.

The Department of Administrative Services estimates the need for a three-quarter time HR Specialist/Generalist to address the impact on Central Human Resources to meet the potential increase in eligible state employees, as well as the various requirement contained in LB 57. This estimate appears to be reasonable.

Several state agencies and two municipalities were contacted to provide fiscal impact estimates. Those responses are included to provide an idea of the bill's impact. Due to the LB 57's 1% cap on gross wages paid, the estimates received are provided at that level of contribution. While this is a prudent method to determine costs, it should be noted that these estimates assume the maximum amounts allowed under the bill. A comprehensive survey of all state agencies, boards, and commissions is not feasible, therefore an estimate of contributions is not included in this fiscal note. In addition to the inability to determine actual contribution costs, the fund sources cannot be accurately determined.

The Department of Labor (DOL) estimates the need for 54 new FTE in fiscal year 2024 and 110 (total) new FTE beginning in fiscal year 2025. There is no basis to disagree with these estimates. Labor's total funding estimate for FY24 is \$15,361,320. For FY25 the estimate is \$23,365,249. These estimates represent the operational costs anticipated by DOL and do not include expenditures for benefit payments. There is no basis to disagree with these estimates. DOL incorrectly identifies \$4,211,320 being transferred from the

Health Care Cash Fund. LB 57 clearly identifies the transfer amount to be \$5,558,000. Thus, the FY24 General Fund need should be \$9,803,320 and the Cash Fund need should be \$5,558,000. Beginning in FY25, all costs are estimated to be paid from Cash Funds.

It should be noted that DOL states, "because no administrative funds are received until October 1, 2023, it will be impossible to begin collecting employer taxes by January 1, 2024" as the bill requires. Additionally, a separate fund is needed for administration of the act.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 57	AM:	AGENCY/POLT. SUB: Dept. of Administrative Services – Director’s Office & Enterprise
REVIEWED BY: Kimberly Burns	DATE: 01/17/2023	PHONE: (402) 471-4171
COMMENTS: The Department of Administrative Services’ assessment of agency and enterprise fiscal impact from LB 57 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 57	AM:	AGENCY/POLT. SUB: Department of Health and Human Services
REVIEWED BY: Kimberly Burns	DATE: 01/25/2023	PHONE: (402) 471-4171
COMMENTS: The Department of Health and Human Services’ assessment of fiscal impact from LB 57 appears reasonable given the assumptions used.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 57	AM:	AGENCY/POLT. SUB: Nebraska Department of Labor
REVIEWED BY: Kimberly Burns	DATE: 01/25/2023	PHONE: (402) 471-4171
COMMENTS: The Nebraska Department of Labor’s assessment of fiscal impact from LB 57 seems reasonable given the assumptions used.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 57	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Kimberly Burns	DATE: 01/25/2023	PHONE: (402) 471-4171
COMMENTS: No basis to disagree with the Department of Revenue’s assessment of fiscal impact from LB 57.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 57	AM:	AGENCY/POLT. SUB: University of Nebraska System
REVIEWED BY: Kimberly Burns	DATE: 01/19/2023	PHONE: (402) 471-4171
COMMENTS: No basis to disagree with the University of Nebraska System’s assessment of fiscal impact for fiscal year 2024-25, as it reflects a 12-month period. Because the timing of impact for fiscal year 2023-24 applies to a six-month period instead of 12 months, the expectation would be for a lower fiscal impact in fiscal year 2023-24.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 57	AM:	AGENCY/POLT. SUB: City of Lincoln	
REVIEWED BY: Kimberly Burns	DATE: 01/25/2023	PHONE: (402) 471-4171	
COMMENTS: The City of Lincoln's estimate of fiscal impact across a 12-month period for LB 57 seems reasonable given the assumptions used. Technical Note: The City of Lincoln's fiscal year begins September 1, but the fiscal note provides a full 12-month impact			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 57	AM:	AGENCY/POLT. SUB: City of Omaha	
REVIEWED BY: Kimberly Burns	DATE: 01/18/2023	PHONE: (402) 471-4171	
COMMENTS: Although the City of Omaha did not provide any specific expenditures tied to payroll or employer contributions, there is no basis to disagree with their assessment of fiscal impact that could total in the hundreds of thousands of dollars annually.			

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2023

LB⁽¹⁾ 57

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – Director’s Office & Enterprise

Prepared by: ⁽³⁾ Ann Martinez Date Prepared: ⁽⁴⁾ 01-07-2023 Phone: ⁽⁵⁾ 402-471-4135

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	\$67,660	\$67,660 ⁽¹⁾
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>\$67,660</u>	<u>\$67,660</u>

(1) See below for source of revenue.

Explanation of Estimate:

LB 57 as introduced creates a paid family and medical leave program for all employers subject to the Employment Security Law. The State of Nebraska is subject to that law.

LB 57 calls for contributions from the employer to fund the Paid Family Medical Leave Insurance Fund, which would be administered by the Department of Labor (DOL). The commissioner is to annually determine the contribution amounts needed to finance the total amount of the amounts payable for family and medical leave and administrative costs. The commissioner can increase the contributions any time during the year if the contribution amounts are not sufficient.

The contributions would come from the State, increasing payroll related costs. Beginning January 1, 2024, covered employers shall be required to remit contributions, thus there is an estimated six-month fiscal impact in FY23-24 and a full year in FY24-25. A covered individual may take paid family and medical leave beginning on January 1, 2025.

The bill requires that each employee be provided written notice of his or her rights under the Act at the time of hiring and annually thereafter. Notifications must also be made when an individual requests leave under the Act or when the employer acquires knowledge that an employee’s leave may qualify for benefits under the Act. DAS would also be required to respond to requests from DOL for compensation data in each instance that an employed individual files a claim.

Under existing parameters, DAS-Central Human Resources (HR) and DAS-Central Human Resources (HR)–Shared Services have sufficient resources to manage the existing FMLA eligible teammates. However, due to the potential increase in teammates taking FMLA leave, existing resources may not be enough to meet the increased compensation reporting requirements, notification requirements, and ongoing communication requirements with a greater number of teammates. Currently FMLA hours taken by an employee are tracked manually. The new position would also need to work with DOL to track the hours/weeks of FMLA used under the new program.

A new FTE – HR Specialist/Generalist would be required to meet the potential increase in eligible teammates in the DAS HR Shared Services program and the various requirements of the new program. This additional HR Specialist/Generalist would need to be on-boarded in the second quarter (October-December 2024) of FY24-25 to provide the necessary notifications required, etc. as a covered individual may be eligible for paid family and medical leave beginning on January 1, 2025.

The estimated cost of salary and benefits to DAS HR Shared Services for this new FTE is \$62,759 (9 months) in FY24-25. The first full program year would be in FY25-26 which is in the next biennium. Total costs are estimated to be \$67,660. These costs include estimated FY24-25 salary and benefits (health insurance is based on the State's share of the highest cost family plan); and ongoing annual operating costs (OCIO expenses including computer leasing costs, etc., and other supplies); which also includes \$2,000 for materials and postage required to make the required written notifications to newly hired and existing teammates and annual communication costs. There would also be a one-time cost of \$887 in FY24-25 for set up costs and the purchase of new non-capitalized equipment (monitor, chair, etc.)

These additional costs would result in the need for additional revolving fund appropriation and an increase in the already set DAS HR Shared Services assessments in FY24-25. This would impact all the Divisions of DAS and the agencies that are DAS HR Shared Services customers.

Any increases to a DAS assessment can impact the enterprise due to possible increases in rates charged to other agencies for DAS goods and services.

Future costs would be impacted by higher salary and health insurance costs, as well as increases in operational costs – OCIO expenses, etc.

The bill states the contributions required would not exceed one (1) percent of the gross wages paid to covered individuals by a covered employer. The State in FY21-22 (the most recently completed fiscal year) excluding the University and State Colleges paid more than \$967 million in wages. Assuming no increases in salary expenses and a maximum of 1%, the State's contributions could be \$4,836,578 in FY23-24 (January-June 2024) and \$9,673,155 in FY24-25.

This would require an increase in general, cash, federal and revolving fund appropriation in FY23-24 and FY24-25. The increased costs could require an increase in assessments, rates and surcharges that are charged across the Enterprise. There would also be a financial impact to those programs using trust funds to pay wages.

The table below summarizes the estimated impact by fund type of any payroll/benefit increase. The allocation by fund type below is based on an average of salary expenditures (PSL) over a four-year period (2019-2022).

Fund Type	Estimated Enterprise Expenditures – FY23-24	Estimated Enterprise Expenditures – FY24-25
General Fund	\$2,492,900	\$4,985,801
Cash Fund	\$1,167,786	\$2,335,573
Federal Fund	927,992	\$1,855,984
Trust Fund	\$3,161	\$6,322
Revolving Fund	\$244,739	\$489,475
Total	\$4,836,578	\$9,673,155

DAS State Accounting would be required to develop a new leave code in EnterpriseOne/JDE Edwards to track this new leave type across the Enterprise.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2023-34 EXPENDITURES	2024-25 EXPENDITURES
	23-24	24-25		
DAS HR Specialist/Generalist		1 (3/4 yr.)		\$35,499
Benefits.....				\$27,260
Operating.....				\$4,901
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				\$67,660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 1-25-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,225,843		\$2,574,269	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,225,843	\$0	\$2,574,269	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 57 would provide Paid Family and Medical Leave benefits (continuous and intermittent) and job protection to all employees of all employers liable under the Nebraska Employment Security Law (48-601 to 48-683). The Department of Health and Human Services (DHHS) would be liable as an employer under the Act.

The fiscal impact can be estimated by analyzing the previous year's Family and Medical Leave Act (FMLA) hours, or other related leave hours that were taken in an unpaid status that would have been otherwise covered under this bill, as written. The total number of FMLA hours taken in 2022 was 110,508.

The bill prohibits contributions from employers to exceed 1% of their total gross annual wages. Based on the FY22 payroll cost of \$233,493,780 and incorporating a 5% wage increase per year, this cost would be capped at approximately \$2,451,685 for FY24 and \$2,574,269 for FY25. Since the implementation date is January 1, 2024, the projected FY24 cost is half the annual cap, or \$1,225,843. The Paid FMLA Fund will also be funded through private donations and the Legislature. It is possible a federal fund component exists, but without knowing the employees and programs they work in, a federal fund estimate is difficult to project.

All employees would be able to use 12 weeks, or 60 workdays, of Paid FMLA. No employee will receive more than 66% of the State's average weekly wages. If an employee is making less than 50% of the State's average weekly wages, they will receive 90% of their average weekly wage. If an employee is making more than 50% of the State's average weekly wages, they will receive 50% of their average weekly wage.

The impact of FMLA absences on DHHS during 2022 was approximately \$2,640,000, with \$1,700,000 of that cost being leave without pay. As written, this bill does incentivize the use of standard leave first in that it caps wages that an employee may receive under the bill provisions. This fiscal note assumes an increase in utilization and requests funding at the max employer contribution.

DHHS Operations would also have a fiscal impact to staff time needed to update HR information, disseminate this information to DHHS employees, and update new hire information. This cost is expected to be minimal and will be absorbed by the Department. An unknown aspect of operations cost is the Department's need to participate in any investigations related to compliance with the act.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2023-2024	2024-2025
	POSITION TITLE	23-24	24-25	EXPENDITURES
Benefits.....			\$1,225,843	\$2,574,269

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 57

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

Prepared by: ⁽³⁾ Rea Easton Date Prepared: ⁽⁴⁾ 01/23/2023 Phone: ⁽⁵⁾ 402-416-6809

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>11,150,000</u>	<u></u>	<u></u>	<u></u>
CASH FUNDS	<u>4,211,320</u>	<u>140,191,118</u>	<u>201,522,625</u>	<u>543,919,193</u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>15,361,320</u>	<u>140,191,118</u>	<u>201,522,625</u>	<u>543,919,193</u>

Explanation of Estimate: LB 57 creates the paid family and medical leave program. It is the department’s assumption that this will be created as a Cash Fund. Under LB 57, the Nebraska Department of Labor is responsible for the administration of the program. LB 57 covers all individuals employed in covered employment. Individuals in covered employment are potentially eligible for up to 12 weeks of paid leave per benefit year. Of note, LB 57 has an expanded definition of family member to include one person designated by the covered individual as a family member. This person must be designated in a manner prescribed by the Commissioner of Labor.

The District of Columbia (DC) passed a program like LB 57 in 2016. DC did not previously have a paid family and medical leave program and had to build the entire model. NDOL believes its implementation experience, if passed, will compare to DC. The DC paid family and medical leave program provides paid leave to covered individuals at the following limits:

- Up to 2 weeks to care for your pregnancy
- Up to 12 weeks to bond with a new child
- Up to 12 weeks to care for a family member with a serious health condition
- Up to 12 weeks to care for you own serious health condition

DC recently implemented the program and began paying benefits in 2020.

DC contracted with two different IT vendors to build their system. A vendor for the tax solution and a vendor for the benefit solution. DC’s law was signed on February 17, 2017. The law required DC to begin collecting taxes by July 2019 and accepting applications for paid leave by July 2020. If LB 57 passed as drafted, NDOL would be expected to be collecting taxes by January 1, 2024 and paying benefits by January 1, 2025. This would give NDOL approximately 6 months to implement a new tax system.

DC estimates administrative costs for year 1 at \$4,630,000, Year 2 costs at \$6,520,000 and Year 3 costs at \$12,920,000 for a total 3-year cost of \$24,070,000. DC had over 3 years to implement the program. DC completed an RFP for both a tax and benefit system and implementation costs came in at \$3,850,000 and \$2,170,000 respectively plus annual license fees for a 3-year cost of \$7,857,000. As of first quarter 2020, DC had 71 employees onboarded and anticipated 124 full-time employees to administer the program. As Nebraska has a higher population and LB 57 provides approximately 2 years to fully implement, NDOL has no reason to believe they can implement at a lower cost. NDOL estimates DC administrative costs for the first two years at \$24,070,000 included in Operating expenses below.

It is estimated that a total of 50 Adjudicators will be required. The department will also need 5 Labor Law Specialists, 5 Field Representatives, 15 Claims Specialists, 5 Program Supervisors, 1 Benefits Administrator, 1 Accountant III, 2 Accountant II, 2

Attorney III, 5 Attorney II, 1 PFMLA Director, 3 Public Information Officers and 4 Office Specialists to handle the workload. Further, the necessary IT build will require 11 IT positions. The IT positions will begin upon LB 57 passage and the Administrative positions will begin thereafter. OCIO support will total \$145,000 annually. Project may require a more detailed review by OCIO. Costs associated with laptops and phones amount to \$109,080 in year 1 and \$222,200 in year 2.

LB57 provides for an appropriation from the Nebraska Health Care Cash Fund to the Nebraska Paid Family and Medical Leave Fund on October 1, 2023 in the amount of \$4,211,320 for initial NDOL administrative costs. The Nebraska Health Care Cash Fund transfer is only for upfront administrative costs and must be repaid by October 1, 2025. NDOL believes that because no administrative funds are received until October 1, 2023, it will be impossible to begin collecting employer taxes by January 1, 2024 as required by LB 57. NDOL does not have an existing fund that it can borrow from until the transfer is made, and based upon the DC experience, the amount of the transfer will be inadequate to cover startup costs. DC spent \$5 million on IT implementation after completing the RFP process. Year 1 expenses in excess of \$4,211,320 will need to utilize General Funds.

Because DC just recently went live with their program, they have limited data on the number of benefit payments. Rhode Island has a paid family and medical leave program similar to LB 57. Under Rhode Island's law, they provide paid leave at the following limits:

- Up to 30 weeks of paid leave for a person with a non work-related injury or illness;
 - o Injury or illness requires 7 days of duration before eligible for paid leave; (LB 57 does not have a minimum duration requirement.)
- Up to 4 weeks of paid leave to bond with a new child (expanded to 5 in 2022, and 6 in 2023); and
- Up to 4 weeks to care for a family member (expanded to 5 in 2022, and 6 in 2023).

To estimate benefits paid under LB 57, the Department closely examined Rhode Island's annual statistics because DC does not yet have annual statistics.

In calendar year 2021, Rhode Island paid out \$208,367,267 million in benefits under their temporary disability insurance program and temporary caregiver insurance program. Approximately \$192 million (92%) of the benefits paid out were for non-work-related injury or illness corresponding to the types of leave described in Sec. 3 paragraph (1)(e) of LB 57. Approximately, \$16 million (8%) of the benefits paid out were for either bonding with a new child or caring for a family member corresponding to the types of leave described in Sec. 3 paragraph (1)(a) and (1)(b) of LB 57.

In 2022, Rhode Island had a population of 1,093,734; there were approximately 484,419 workers in covered employment in 2nd quarter of 2022. Comparatively, Nebraska has a population of 1,967,923 and had approximately 982,492 workers in covered employment in 2nd quarter 2022.

In 2021, Rhode Island processed 48,627 claims for paid leave, which equaled approximately 10.0% of their covered employment workforce. Of the claims received approximately 69% were approved. Rhode Island's average number of payments per claim was just under 11 weeks. Assuming these numbers for Nebraska, the Department estimates that it will have 98,249 claims and 67,792 (69%) will be approved. Assuming an average number of 8 payments per claim, Nebraska would pay out approximately 542,336 payments under this program. LB 57 proposes a rather complex benefit amount calculation. Section 4 of the bill requires NDOL to look at wages above and below the average weekly wage. For an individual that earns more than the actual weekly wage, the wages up to 50% of the actual average weekly wage are paid at 90% and any wages above that are paid at 50% for an overall cap of 66% of the average weekly wage. The most recent average weekly wage calculated under Neb. Rev. Stat. §48-121.02 was \$1,028. Because NDOL does not have existing information on percentages of individuals above and below the average weekly wage, the best readily available source of this data is unemployment. The average weekly benefit amount for a UI claimant in 2022 was approximately \$379. This means the average weekly wage for those filing for unemployment was approximately \$758. If we assume on average a person filing for PFMLA earns \$758 per week then the first \$514 of wages would be reimbursed at 90% and the remaining \$244 would be reimbursed at 50% for an average benefit payment of \$657. The total estimate of benefits paid per year is \$356,314,752. One-half of this amount has been added to Cash Expenditure year 2 in addition to expenses shown below.

The amount of contributions is capped at one percent of an employer’s gross wages paid. For 3rd Quarter 2021 through 2nd Quarter 2022, Nebraska’s total gross wages were \$54,391,919,326. The maximum amount of contributions the Department could collect is \$543,919,193 as shown in Year 2 revenue. Year 1 revenue is comprised of 1/4th of this amount plus the aforementioned \$4,211,320.

TECHNICAL NOTE: The bill fails to create the fund(s) necessary for the department to properly collect funds and distribute benefits. Additionally, a separate fund(s) would be necessary for the proper payment of administration as outlined in this bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2023-24	2024-25
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
IT Business System Analyst	10.0	10.0	\$612,807	\$643,448
IT Supervisor	1.0	1.0	129,497	135,971
Labor Law Specialist	5.0	5.0	126,614	265,890
Field Representative	5.0	5.0	128,377	269,592
Adjudicator	10.0	50.0	222,194	2,333,041
Claims Specialist	5.0	15.0	97,075	611,573
Program Supervisor	5.0	5.0	158,114	332,040
Benefits Administrator	1.0	1.0	42,235	88,694
Accountant II	2.0	2.0	50,725	106,522
Accountant III	1.0	1.0	29,308	61,546
Attorney II	0.0	5.0		378,108
Attorney III	2.0	2.0	88,157	185,130
PFMLA Director	1.0	1.0	58,860	123,605
Public Information Officer	3.0	3.0	110,848	232,781
Office Specialist	3.0	4.0	61,166	171,264
Total Salaries	54.0	110.0	\$1,915,977	\$5,939,205
Benefits			\$687,787	\$2,132,023
Operating			12,618,476	15,041,821
Travel			30,000	30,000
Capital outlay			109,080	222,200
Aid				
Capital improvements				
TOTAL			\$15,361,320	\$23,365,249

means several types of leave, as enumerated in the Act, taken by a covered individual if the covered individual's family member is on covered active duty or call to covered active duty status as defined by the Act.

A covered individual may take up to 12 weeks of paid leave, or for intermittent leave, 60 work days during any benefit year. Intermittent leave may be taken (a) for the covered individual's own serious health condition; (b) to care for a family member with a serious health condition; or (c) to care for a newborn or a newly placed adopted or foster care child of the covered individual. The minimum amount of intermittent leave to be taken is one workday.

Any paid family medical leave under the Act is taken concurrently with leave taken under the federal Family and Medical Leave Act of 1993 and, if granted for the same reason, any kind of disability or family care leave under a collective bargaining agreement or employer policy.

A covered individual may be found eligible to receive paid family medical leave benefits by making an initial claim with the Labor Commissioner. Under Section 4 of the Act, the benefits paid to the covered individual for any week of paid family and medical leave will be (a) 90% of the portion of the individual average weekly wage at or below 50% of the state average weekly wage; and (b) 50% of the individual average weekly wage that is at or above 50% of the state average weekly wage. The amount of family and medical leave benefits paid to an individual must not exceed 66% of the state average weekly wage. A covered individual cannot receive family medical leave benefits at the same time as he or she is receiving workers compensation for total disability or benefits under the employment security laws.

Family medical leave benefits are not considered compensation under the County Employees Retirement Act, the Judges Retirement Act, the Nebraska State Patrol Retirement Act, the School Employees Retirement Act, the State Employees Retirement Act, or any other retirement plan administered by the Public Employees Retirement Board and shall not be eligible for deferral under any deferred compensation plan administered by the Public Employees Retirement Board.

If the IRS finds the family medical leave benefits are subject to federal income tax, the Labor Commissioner must advise those filing a claim for benefits that (a) the IRS determined the benefits are subject to federal income tax; (b) requirements exist for making estimated payments; (c) of their right to have federal income tax deducted and withheld from the benefits; and (d) their ability to change a previously elected withholding status. If elected by the individual, the Labor Commissioner must deduct and withhold the amounts required under federal and state law.

The covered individual who takes paid family medical leave under the Act is entitled to return to work and (a) be restored to the position held before the leave commenced; or (b) be restored to an equivalent position with similar benefits, pay, and other terms and conditions of employment. During the leave taken under the Act, covered employers must maintain health benefits provided the individual continues to pay his or her share of the health benefits. Covered individuals cannot be required to exhaust vacation or sick time before taking the paid family medical leave. A covered employer may require an individual on paid leave to report periodically on his or her intention to return to work. Under Section 9 of the Act, the covered employer cannot interfere with, restrain, or deny the exercise of an attempt to exercise any right under the Act. Employers cannot count paid family medical

leave in its absence control policy as an absence that could lead or result in an adverse action against the covered individual.

LB 57 becomes operative three months after adjournment.

It is estimated that LB 57 will have the following impact.

Fiscal Year	Decrease to Revenue Cash Fund	Health Care Cash Fund	Family and Medical Leave Insurance Fund
FY2023-2024	\$ 224,000	(\$ 5,580,000)*	\$ 5,804,000
FY2024-2025	\$ 235,000	-	\$ 235,000
FY2025-2026	\$ 247,000	-	\$ 247,000

*Assuming the required transfer from the Health Care Cash Fund will occur on October 1, 2023

It is estimated that there will be no cost to the Department of Revenue to implement this bill.

LB ⁽¹⁾ 0057 Adopt the Paid Family and Medical Leave Insurance Act

FISCAL NOTE

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System
 Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 01/17/2023 Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2023 - 24		FY 2024 - 25	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>4,244,684.00</u>	<u>0.00</u>	<u>4,244,684.00</u>	<u>0.00</u>
CASH FUNDS	<u>2,517,316.00</u>	<u>0.00</u>	<u>2,517,316.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>503,891.00</u>	<u>0.00</u>	<u>503,891.00</u>	<u>0.00</u>
OTHER FUNDS	<u>3,887,482.00</u>	<u>0.00</u>	<u>3,887,482.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>11,153,373.00</u>	<u>0.00</u>	<u>11,153,373.00</u>	<u>0.00</u>

Explanation of Estimate:

The University of Nebraska System would be a covered employer and our employees would be covered employees under the bill language. In section 6 of the bill (on pages 9 and 10) it creates the Paid Family and Medical Leave Insurance Fund. The Commissioner of Labor would be responsible for evaluating and determining on an annual basis the contribution amounts necessary to finance the family and medical leave benefits from covered employers. The bill states that in no case shall the contributions from covered employer under this section exceed one percent of the gross wages paid to covered individuals by such covered employer.

The bill does not identify the amount of the initial contribution assessment to a covered employer. We used one percent of gross wages paid to covered individuals to estimate the total fiscal impact of the bill.

Total budget salaries in Fiscal Year 2023 is \$1,115,337,255. One percent of this amount is \$11,153,373.

The bill requires covered employers contributions to begin on January 1, 2024.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023 - 24</u>	<u>2024 - 25</u>
	<u>23 - 24</u>	<u>24 - 25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>0</u>	<u>0</u>	<u>11,153,373.00</u>	<u>11,153,373.00</u>
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>11,153,373.00</u>	<u>11,153,373.00</u>

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 57

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ Barb McIntyre Date Prepared: ⁽⁴⁾ 1/23/2023 Phone: ⁽⁵⁾ 402-429-0564

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,406,800		\$3,406,800	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Approximately 200 employees will utilize FMLA annually. The average salary of a City employee is \$35,489 – Cost per employee: 35.489 (avg hr) X 480 (12 wks FMLA) = \$17,034

Total annual cost cost per employee X number of employees = \$17,034 X200 = \$3,406,944

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$3,406,800	\$3,406,800
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$3,406,800	\$3,406,800

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 57

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Omaha

Prepared by: ⁽³⁾ Jeff Roh Date Prepared: ⁽⁴⁾ 1-13-23 Phone: ⁽⁵⁾ 402-444-5451

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Making the assumption we are a covered employer, we estimate this to cost hundreds of thousands of dollars annually. This is based on the amount of our payroll, amount of employees taking this leave, and the time to respond to inquiries. It would require us to annually pay the state similarly to how we pay unemployment insurance. It may require us to provide additional staff or find a third party to help us with the inquiries from the state commissioner.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____