

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			\$2,474,118	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$2,474,118	See Below

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

LB 1139 is the Paid Family and Medical Leave Insurance Act (the Act).

Section 2 provides definitions for the Act.

Beginning January 1, 2027, covered individuals may take paid family and medical leave for certain qualifying reasons. The maximum paid family and medical leave that may be taken shall be ten weeks, or, for leave taken on an intermittent basis, sixty work days during any benefit year.

Payments shall be 90% of the portion of the individual weekly wage that is at or below 50% of the state average weekly wage and 50% of the portion that is above 50% of the state average weekly wage. The amount paid is also capped at 66% of the state average weekly wage. Covered individuals shall not receive family and medical leave benefits while receiving workers' compensation benefits for total disability or benefits under the Employment Security Law.

Under section 6, employers and individuals may elect to participate in the Act by applying to the Commissioner of Labor in a form and manner prescribed by the commissioner.

LB 1139 creates the Paid Family and Medical Leave Insurance Fund. Beginning on or before January 1, 2026, covered individuals shall begin making contributions to pay for participation in the Act. The Commissioner of Labor shall be responsible for evaluating and determining on an annual basis the contribution amounts necessary to finance the total amount of benefits payable. On October 1, 2025, the State Treasurer shall transfer \$5,558,000 to the fund from the Nebraska Health Care Cash Fund. The amount transferred shall be repaid to the Nebraska Health Care Cash Fund when the commissioner determines that the Fund will have sufficient funds to pay all required family and medical leave benefits. In no case, shall the repayment be made later than October 1, 2029.

The Department of Revenue estimates no fiscal impact to implement the provisions of LB 1139.

The Department of Labor (DOL) estimates the need for 32 FTE, beginning in fiscal year 2026 to implement the provisions of LB 1139. Operating costs rise significantly in FY27, due to implementation and utilization of the Act. DOL's estimates are based on 10% of the covered workforce applying for coverage. This would mean approximately 96,796 applications. Of these, DOL estimates that 85%, or 82,277 individuals would be eligible. There is no basis to disagree with these estimates.

DOL correctly identifies \$5,558,000 in Cash Fund revenue in FY26. That number is not reflected in the table above due to the offsetting cash fund revenue loss to the Health Care Cash Fund.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1139	AM:	AGENCY/POLT. SUB: Department of Labor	
REVIEWED BY: Ryan Walton	DATE: 2/1/2024	PHONE: (402) 471-4174	
COMMENTS: The Department of Labor's assessment of fiscal impact from LB 1139 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1139	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Walton	DATE: 2/1/2024	PHONE: (402) 471-4174
COMMENTS: The Department of Revenue's assessment of fiscal impact from LB 1139 appears reasonable.		

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

2024

LB⁽¹⁾ 1139

FISCAL NOTE

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

Prepared by: ⁽³⁾ Rea Easton Date Prepared: ⁽⁴⁾ 01/30/2024 Phone: ⁽⁵⁾ 402-416-6809

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			2,474,118	5,558,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			2,474,118	5,558,000

Funds will not be available until October 2025 meaning that staffing will not begin until FY2025-26. NDOL is to start collecting contributions by January 1, 2026. That is insufficient time to complete the required system build and hire staff. Because of the timing of the fund transfer, NDOL estimates, staff will be at 67% of a full year for FY25-26. The costs for establishing a system will not be paid until FY2027.

Position Title	FTE			Expenditures		
	FY 24-25	FY 25-26	FY 26-27	FY 24-25	FY 25-26	FY 26-27
IT Business System Analyst	-	5.00	5.00	-	328,156.98	164,078.49
Labor Law Specialist	-	3.00	3.00	-	109,025.40	162,724.47
Field Rep	-	3.00	3.00	-	121,069.48	180,700.71
Adjudicator	-	10.00	10.00	-	349,255.67	521,277.12
Claims Specialist	-	5.00	5.00	-	152,581.07	227,732.94
UI Program Supervisor	-	1.00	1.00	-	49,713.05	74,198.59
Accountant II	-	1.00	1.00	-	41,598.10	62,086.71
Attorney III	-	1.00	1.00	-	94,416.32	94,416.32
PFMLA Director	-	1.00	1.00	-	126,792.84	126,792.84
Project Manager	-	1.00	1.00	-	78,113.38	78,113.38
Office Specialist	-	1.00	1.00	-	27,867.11	41,592.70
Salaries	-	32.00	32.00	-	1,478,589.39	1,733,714.27
Benefits					530,775.68	622,358.97
Operating					385,112.81	3,791,543.34
Travel					15,000.00	10,000.00
Capital Outlay					64,640.00	
TOTAL					2,474,117.87	6,157,616.58

Estimating that 10% of the covered workforce will apply, NDOL would receive 96,796 applications. Assuming 85% of applications were approved, 82,277 individuals would be eligible. NDOL estimates an average claim duration of 7 weeks. The maximum weekly benefit amount is 66% of the state average weekly wage. The last calculated state average weekly wage is \$1,094. This would set the maximum weekly payment at \$722.04.

For purposes of this estimate, NDOL places the average weekly FMLA payment at \$650. NDOL would pay out \$374,358,530 for a full year based on 66% of average weekly wage for 7 weeks claimed. As drafted, contributions are voluntary and funded by employees. There is no required opt in date. NDOL anticipates no one would opt in until benefits are available for payout in 2027. Because there are no requirements to enroll

for a set timeframe, employees could limit enrollment specifically to time on FMLA. This would quickly deplete funds.

In Federal Fiscal Year 22-23, employers paid \$57 billion in covered wages to employees. Because employers and employees must both elect to participate, it is difficult to estimate the amount of contributions NDOL will receive. NDOL took 10% of the covered wages paid, to align with the estimated 10% of the covered workforce participation. From there NDOL assumed each individual would contribute 15 weeks of payments at 1% of their covered wages. This would total \$16,442,307.69 in contributions.

	<u>FY 2024-25</u>		<u>FY 2025-26</u>		<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXP</u>	<u>REVENUE</u>	<u>EXP</u>	<u>REVENUE</u>	<u>EXP</u>	<u>REVENUE</u>	<u>EXP</u>	<u>REVENUE</u>
GENERAL FUNDS								
CASH FUNDS			2,474,118	5,558,000	6,157,617		1,904,718	
FEDERAL FUNDS								
OTHER FUNDS				-	187,179,265	8,221,154	374,358,530	16,442,308
TOTAL FUNDS			2,474,118	5,558,000	193,336,882	8,221,154	376,263,248	16,442,308

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
IT Business System Analyst		5.0		\$328,156.98
Labor Law Specialist		3.0		109,025.40
Field Representative		3.0		121,069.48
Adjudicator		10.0		349,255.67
Claims Specialist		5.0		152,581.07
Program Supervisor		1.0		49,713.05
Accountant II		1.0		41,598.10
Attorney III		1.0		94,416.32
PFMLA Director		1.0		126,792.84
Project Manager		1.0		78,113.38
Office Specialist		1.0		27,867.11
Total Salaries		32.0		\$1,478,589.39
Benefits				\$530,775.68
Operating				385,112.81
Travel				15,000.00
Capital outlay				64,640.00
Aid				
Capital improvements				
TOTAL				\$2,474,117.87

