

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 186** SLS 19RS 442
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 10, 2019 8:39 AM	Author: MORRELL
Dept./Agy.: Statewide/Workforce Commission	Analyst: Tanesha Morgan
Subject: LA Family and Medical Leave Benefit Act	

EMPLOYMENT EG INCREASE SD EX See Note Page 1 of 2
 Creates the Louisiana Family and Medical Leave Benefits Act. (See Act)

Proposed law creates the "Louisiana Family and Medical Leave Benefits Act" (LA FMLA) that authorizes insurance benefits to covered individuals who meet certain circumstances and paid payroll taxes into the LA FMLA Account Fund for at least one year. Proposed law provides that LA FMLA payroll taxes are calculated, withheld, and paid in the same manner as unemployment compensation, and payroll taxes are paid 45%-55% by the employer and employee. Proposed law provides that a self-employed person may elect coverage under the LA FMLA. Proposed law provides that the LA Workforce Commission (LWC) establish and administer the LA FMLA program; promulgate rules and forms for filing claims for benefits; and pay benefits as specified in the LA. FMLA. Proposed law provides for a civil fine of no more than \$200 per LA FMLA violation. Proposed law creates the Louisiana Family and Medical Leave Account Fund special treasury fund for payroll taxes collected for LA FMLA; and all monies in this fund are appropriated and expended by LWC administrating the LA FMLA and the payment of benefits.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

LA Workforce Commission

The proposed legislation is anticipated to significantly increase statutory dedication expenditures by an indeterminable amount within the LA Workforce Commission (LWC) to administer the newly created LA Family and Medical Leave Benefits Act (LA FMLA) program. The LWC has indicated they would be required to create a new division within the department to administer the LA FMLA program. The specific cost associated this new division is indeterminable at this time, but is anticipated to be significant.

LWC anticipates modeling the LA FMLA program after its current Unemployment Insurance (UI) program because both programs have a similar function, which is providing temporary financial benefits to eligible workers statewide who are unable to work. For informational purposes, LWC processes approximately 93.6 K initial UI claims annually and pays approximately \$190 M in UI benefits. The cost to administer the UI program in FY 18 was \$29.5 M and 266 positions. To the extent that the workload of the LA FMLA program is similar to the workload of the UI program, the administration costs are anticipated to be similar. However, it is not possible to determine the scale and cost of the FMLA program because the projected number of claims and total benefit payments is not available at this time.

LWC also anticipates initial implementation costs of approximately \$20.3 M associated with purchasing a claims management system (\$20 M) and consulting fees (\$300 K).

Treasurer

This proposed legislation creates the LA Family and Medical Leave Account (LA FMLA) Fund in the state treasury. The state treasury indicates that they will need to hire 1 full time employee (\$70,963 salary and benefits) to manage the banking, accounting, and reporting functions associated with this fund.

REVENUE EXPLANATION

Taxes

This measure is not effective until a bill originating from the House of Representative is enacted that provides for the collection of payroll tax contributions from employers and employees to finance the LA Family and Medical Leave Account Fund. At this time, no such bill exists. Therefore, the LFO assumes that the LWC would not establish and administer the LA FMLA program until such a bill becomes law or state general funds are appropriated. **CONTINUED ON PAGE 2**

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

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Revenue explanation continued from page 1

Fines

This measure requires LWC to enforce the LA FMLA program and authorizes civil fines of no more that \$200 for violations. The LFO cannot anticipate the amount of funding that may be collected in fines from employers that fail to comply with LA FMLA regulations.

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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