LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **SB 426** SLS 24RS 1425
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date:	May 13, 2024 6:18 PM	**Author:**	JENKINS
Dept./Agy.:	EDUCATION		
Subject:	Parental Leave for Educators Act	**Analyst:**	Julie Silva

SCHOOLS EG SEE FISC NOTE GF EX See Note

Provides for paid parental leave for eligible employees. (gov sig)

Proposed law requires paid parental leave for eligible employees of local education agencies (LEAs), including charter schools be provided beginning 1/01/25. Requires that full-time employees must be compensated 100% of their base pay for a maximum of six weeks. Further requires that a part-time employee is to be compensated 100% of his or her base pay, based upon a prorated percentage of hours the employee normally works, for no longer than six weeks. Prohibits the use of an employee's sick, annual, or other leave during the paid parental leave period. Provides paid parental leave is to run concurrently with leave requested under the Family and Medical Leave Act (FMLA). Creates the Paid Parental Leave for Educators Fund as a special fund in the treasury. Provides that the source of monies into the fund are those transferred, donated, or appropriated by the legislature. Subject to appropriation by the legislature, monies in the fund are to be used solely to fund costs associated with reimbursing LEAs for substitute teacher expenditures incurred as a result of the use of paid parental leave by permanent employees. **Implementation of the paid parental leave program is contingent upon the appropriation of funds for its purpose.**

EXPENDITURES	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**5 -YEAR TOTAL**
State Gen. Fd.	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Agy. Self-Gen.	**SEE BELOW**	$0	$0	$0	$0	**$0**
Ded./Other	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Annual Total						

REVENUES	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Annual Total						

EXPENDITURE EXPLANATION

Proposed legislation is anticipated to result in an increase in state governmental expenditures and have an indeterminable impact on local fund expenditures. The most significant state fiscal impact will be realized due to the requirement that the Louisiana Department of Education (LDOE) reimburse local education agencies (LEAs) for all payments made to substitute employees while a permanent employee is on paid parental leave. Impacts to local fund expenditures are more difficult to predict. The pay for substitute employees varies by significantly based on the position they are needed for and is set by individual LEAs, resulting in varying rates based on location. For example, in one district a degreed substitute teacher, working between 21-45 days, earns $110 per day. In another district they earn $150 per day, and in another $130. Due to this variance, it is difficult to determine how much LDOE will be required to reimburse school districts statewide each year. The following estimate is provided to illustrate an annual increase in expenditures the state may expect to realize to cover the costs of substitute teachers. It is **not** intended to be definitive; costs may be higher or lower upon implementation.

For this illustration, an average rate of $100 per day, per substitute employee is used. Based on this, reimbursement for a single substitute, working for the maximum six weeks paid parental leave period (30 days), is estimated to cost the department $3,000 ($100 x 30 days). LDOE reports an average of 3,300 employees are granted extended medical leave per year. This note assumes that 50% of these employees, or 1,650, would be eligible for paid parental leave and would require the hiring of substitute employees at a cost of roughly **$5 M annually ($3,000 x 1,650)**. **<u>This number may be higher or lower depending on the actual number of employees approved for paid parental leave, if the hiring of a substitute is needed due to their absence, the length of time the substitute works, and the individual rate of pay for each such substitute.</u>**

Proposed legislation requires that LDOE inform employees and employers regarding the availability of paid parental leave benefits using existing communication methods. This is not anticipated to result in an increase in expenditures. Changes to LDOE's existing data system are also not expected to increase expenditures. The reimbursement process will be managed by LDOE fiscal services and the department reports this increase in workload will necessitate the hiring of one (1) additional Accountant/Budget Analyst ($107,640 personal service costs and $15,089 operating expenses). The LFO is unable to corroborate the additional Budget Analyst position will be necessary. To the extent this workload can be absorbed by existing staff, these costs would be reduced or eliminated.

CONTINUED ON PAGE TWO

REVENUE EXPLANATION

LEAs are likely to realize an increase in revenues resulting from reimbursement payments made by LDOE in an amount equal to the amount paid by the LEA to substitute employees. Actual increases are situational and will vary by LEA, but based on estimates provided by LDOE concerning the number of employees expected to receive paid parental leave each year, LEAs, as an aggregate, could be expected to receive $5 M annually. Proposed law creates the Parental Leave for Educators Fund but does not provide for a recurring source of revenues. Monies deposited into the fund will be contingent upon transfers, donations, or appropriations into the fund by the legislature.

Senate / Dual Referral Rules	House
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}	[x] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}	[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas

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Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:

Contingent upon the appropriation of funds for the purposes of implementing a paid parental leave program, local education agencies (LEAs) will be required to provide full-time and part-time employees who have been employed for a minimum of twelve months paid parental leave for a qualifying event. A qualifying event is defined in proposed law as: (1) the time period before and after the birth of a child, including but not limited to prenatal and postnatal appointments; (2) pregnancy loss, including stillbirth; (3) the placement of a child with the employee for adoption, including but not limited to mandatory meetings related to adoption or pre-placement and post-placement court proceedings; and (4) the placement of a child with the employee for foster care, including but not limited to mandatory meetings related to foster placement or pre-placement and post-placement court proceedings. Paid parental leave can be taken for a maximum of six weeks (240 hours) in a 12 month period, either continuously or intermittently. Full-time employees are to be paid 100% of their salary and part-time employees are to be paid 100% of their salary on a prorated basis corresponding to the percentage of hours the employee normally works. T**he LFO assumes the implementation language in proposed legislation would remove the requirement LEAs provide paid parental leave in any year in which funds are not made available through appropriation by the legislature.**

Currently, employees on leave for the qualifying events provided above are required to use earned leave in order to receive payment for any time taken off of work as a result of the event. LEAs continue to pay 100% of the salaries of these employees for this period of time, within the constraints of the employee’s available leave balances and Family and Medical Leave Act (FMLA) requirements. Under current law, LEAs are not required to pay an employee who experiences a qualifying event and does not have sufficient leave available. Proposed legislation instead provides that **employees will continue to be paid while on leave for qualifying events without using their allotment of any earned leave, for a maximum of six weeks.** This is expected to impact local fund expenditures in two ways. First, LEAs will now be required to continue payments for an employee who does not have a sufficient leave balance to accommodate a six week absence, but, in the absence of the paid parental leave program, would have opted to go on leave without pay. Any increase in expenditures for LEAs concerning payments to such employees is indeterminable. Second, proposed legislation does not require an employee to use existing leave balances, allowing them to retain such leave for later use. Employees might elect to use this leave to extend their absence beyond the six weeks of leave provided under proposed law, though the use of such leave would still be subject to approval by the employee’s hiring authority. While the potential exists that LEAs will realize a savings as a result of LDOE being required to pay for the cost of any substitute employees needed during a permanent employee’s six weeks paid parental leave period; if a savings results at all, it is not likely to be significant. To the extent employees have and use other forms of leave requiring the use of substitutes, local fund expenditures for that purpose are likely to remain the same.

Proposed legislation creates the Parental Leave for Educators Fund and stipulates monies in the fund may only be used to reimburse LEAs for a substitute employee to fill the position of an eligible employee on paid parental leave. Proposed legislation does not provide a recurring source of revenue for the fund. Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be additional material costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 443 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates that it will be required to add one T.O. position at a total personnel services cost of approximately $95,000 plus approximately $2,450 for a one-time purchase of new office equipment. These expenditures are assumed to be SGR in this fiscal note.

Senate	Dual Referral Rules	House
[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		[x] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
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