

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 426** SLS 24RS 1425

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2024	11:59 AM	Author: JENKINS
Dept./Agy.: EDUCATION		Analyst: Julie Silva
Subject: Parental Leave for Educators Act		

SCHOOLS OR INCREASE GF EX See Note
Provides for paid parental leave for eligible employees. (gov sig)

Page 1 of 2

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). Provides that funding for the establishment and administration of paid parental leave is to be included in an appropriation of funds by the legislature to the Louisiana Department of Education (LDOE), at the request of the superintendent. Requires LDOE to promulgate rules and procedures for reimbursement of an amount equal to the amount paid by an LEA for paid parental leave within six months of a notification such paid leave has been provided. Effective upon governor's signature.

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

EXPENDITURE EXPLANATION

Proposed legislation is anticipated to result in an increase in state governmental expenditures and an indeterminable impact to local fund expenditures. The most significant fiscal impact will be realized due to the requirement that the Louisiana Department of Education (LDOE) is to reimburse local education agencies (LEAs) for all salary payments made to employees while they are on paid parental leave. Impacts to local fund expenditures however, are more difficult to predict. While LEAs may realize a reduction in expenditures of local funds due to reimbursement by LDOE for paid parental leave, they may also see an increase in other costs resulting from the provision that these employees are not required to use any existing leave options (annual, sick, etc) while on parental leave. The impact to local fund expenditures due to this, as well as more information on potential impacts to LDOE expenditures, are detailed on page two of this note.

The following estimate of the annual increase in expenditures the state is expected to realize to cover the costs of paid parental leave for certified and non-certified school employees is illustrative and not definitive; costs may be higher or lower upon implementation. LDOE reports an average of 3,300 employees are granted extended medical leave per year. In order to estimate possible costs, this note assumes that 50% of these employees, or 1,650, would be eligible for parental leave. Applying the average FY 23 pay for a school employee of \$56,175 to determine a daily rate of pay (\$56,175/182 days) x 6 weeks (or 30 days) it would cost the department \$9,260 per employee **to reimburse LEAs for paid parental leave** for a total **\$15.3 M annually**. This number may be higher or lower depending on the actual number of employees approved for paid parental leave, the length of time they opt to take, and their individual rate of pay.

CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Local education agencies are likely to realize an increase in revenues resulting from reimbursement payments made by the Louisiana Department of Education in an amount equal to the amount paid by the LEA to employees for parental leave. 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 be eligible for an additional \$15.3 M annually.

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}

Patrice Thomas
Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:

LOCAL EDUCATION AGENCIES

Local education agencies (LEAs) will be required to provide full-time and part-time employees who have been employed for a minimum of three 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. **Employees on paid parental leave are not required to use their allotment of annual, sick, or any other earned leave while on paid parental leave.** This would allow the employee to utilize such leave in addition to parental leave. For example, employees might elect to utilize their annual or compensatory leave to extend their absence beyond the six weeks of leave provided by proposed legislation. However, use of annual or compensatory leave would still be subject to approval by the employee's hiring authority. **LEAs will continue to be required to pay for the cost of any substitute teachers needed during a permanent teacher's paid parental leave period; generally this is not a new cost; however, to the extent school employees have and use other forms of leave requiring the use of substitute teachers, local fund expenditures for that purpose may increase.**

DEPARTMENT OF EDUCATION

Proposed law requires the Louisiana Department of Education (LDOE) to reimburse LEAs for payments made to employees for parental leave. Currently, employees on leave for the qualifying events provided above are required to use some form of 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. LEAs are also responsible for payments to any substitute teachers hired during this period. **Proposed legislation would instead require LDOE to pay the salaries of these employees during the paid parental leave period, representing a new cost to the state.** As a result of employees retaining their leave, those participating in the Teacher's Retirement System (or other state retirement systems) may experience benefits due to the retention of time they may otherwise have used for the purposes of the events now covered under the provisions of proposed law.

The proposed legislation requires that LDOE conduct a public education campaign to inform employees and employers regarding the availability of paid parental leave benefits. LDOE provided cost estimates based on recent communication and community engagement campaigns conducted by the department. Along with communication work that can be conducted in-house by utilizing LDOE-owned communication channels (newsletters, monthly calls, the department website, organic social media posts, etc), LDOE plans to contract with a communication/public relations firm to draft a communication and community engagement plan and develop content to educate and inform school system employees and the general public of paid parental leave benefits. In addition to distributing messages and resources through agency-owned channels, LDOE reports they would communicate this new benefit through digital, traditional, and social media advertising and would seek feedback from education employees following the first year of the campaign to better understand the effectiveness of the public education campaign and make adjustments for its second year. This contract is estimated to cost \$250,000 in FY 25 and decrease to \$100,000 in each subsequent year. The LFO is unable to corroborate the need for a contracted communication/public relations firm as a result of proposed legislation. To the extent the department is able to implement a public education campaign with existing resources, this cost would be reduced or eliminated. The proposed legislation would require minimal changes to LDOE's existing data system and the department does not anticipate any increase in expenditures as a result.

The proposed legislation further requires LDOE to evaluate local grievance procedures regarding paid parental leave and to determine whether an LEA has violated the provisions of proposed legislation. LDOE would be required to order an LEA found in violation of the provisions to take equitable action to remedy the violation. **LDOE does not presently have a responsibility or role in local grievance proceedings between employees and local school boards and the department reports one (1) additional Attorney (\$131,860 personal costs and \$15,089 operating expenses) will be required to manage this work.** Finally, 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 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.

Senate

Dual Referral Rules

House

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

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

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

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