

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|--------------------|
| | FY 2020-21 | | FY 2021-22 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | 4,287,134 | |
| CASH FUNDS | | | 5,080,230 | |
| CASH FUND PAYOUTS | | | | \$218,254,936 + XX |
| FEDERAL FUNDS | | | 2,129,774 | |
| OTHER FUNDS | | | 2,928,109 | 22,296 |
| TOTAL FUNDS | | | 14,425,247 | 218,277,232 + XX |

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

LB 311 is the Paid Family and Medical Leave Insurance Act. In short, the Act provides for employers to contribute up to 1% of covered employees' salaries to the Paid Family and Medical Leave Insurance Fund, which shall be used by the Department of Labor to pay covered employees' that take leave for qualified reasons.

What follows in the narrative below contains cost estimates from state agencies. At the end of this note, there are summary tables that consolidate these costs and revenues.

For purposes of this fiscal note, the year references in the introduced copy of LB 311 have been increased by one year.

Section 2 provides definitions for the Act.

Section 3 allows for a covered individual to take paid family and medical leave, beginning July 1, 2022, for certain reasons. Section 3 goes on to provide eligibility stipulations and maximum amounts of paid family and medical leave that a covered individual may take.

Section 6 creates the Paid Family and Medical Leave Insurance Fund, which shall be administered by the Commissioner of Labor. The fund shall consist of private donations, money transferred to the fund by the Legislature, and contributions from covered employers. Beginning January 1, 2022, covered employers shall be required to remit contributions as provided in section 6. Beginning on the effective date of the act, and continuing until September 30, 2020, the Commissioner shall accept donations from any private individual or entity and shall remit all donations for credit to the Paid Family and Medical Leave Insurance Fund. Such funds shall be used to pay the upfront administrative costs related to the Act. On October 1, 2020, "the State Treasurer shall transfer XX dollars from the Nebraska Health Care Cash Fund to the Paid Family and Medical Leave Insurance Fund", which shall also be used to pay the upfront administrative costs related to the act. The transferred amount shall be repaid to the Nebraska Health Care Cash Fund when the commissioner of Labor determines that the Paid Family and Medical Leave Insurance Fund will have sufficient funds to pay all required family and medical leave benefits. The repayment shall occur no later than October 1, 2022.

Section 7 allows for covered individuals to take paid family and medical leave on an intermittent basis under certain circumstances.

NOTE: Agency estimates are based on the introduced bill's dates. For purposes of this fiscal note the fiscal years in which these costs will be realized are adjusted to reflect the note's assumption of the introduced bill's dates moving one year into the future.

The Department of Labor estimates the need for 39.5 FTE in beginning in fiscal year 2021-22 to address the provisions of LB 311. In fiscal year 2021-22, a one-time implementation fee of \$1,446,150 is anticipated. Beginning in fiscal year 2022-23, that fee is eliminated and replaced with an annual subscription fee of \$289,260.

Under LB 311, contributions are capped at 1% of the employer's gross wages paid. The Department of Labor projects that this will result in a maximum amount of contributions of \$436,509,872.

The Department of Administrative Services estimates a cost of \$193,343 for fiscal year 2021-22 and \$421,433 beginning in fiscal year 2022-23. This includes the need for one additional FTE in Central HR.

The University of Nebraska estimates the need for 4.5 FTE to administer the provisions of LB311. This cost is estimated to be \$93,600 in FY2021-22 for one-quarter of the fiscal year. Full annualization of this cost is estimated to be \$374,400 beginning in fiscal year 2022-23. Personnel costs are all attributed to General Funds for purposes of this fiscal note. Additionally, the University estimates the cost of updating the HR System and the up to 1% charge against payroll to be \$6,771,290 in fiscal year 2021-22. Full annualization of this cost is estimated to be \$13,457,580 beginning in fiscal year 2022-23.

Summary

There are three major fiscal components in LB 311: Payouts, Implementation costs, and State Agency 1% contributions.

Payouts begin July 1, 2022 (fiscal year 2022-23) and are shown as fully annualized amounts below. Again, these expenditure dollars are not reflected in the table at the top of this note. Since contributions will be received in fiscal year 2021-22, Cash Fund revenue (for contributions) does appear in the table at the beginning of this note.

Implementation costs, as submitted in agency responses, reflect the years included in the introduced copy of LB 311. For purposes of this fiscal note, and under the assumption that LB 311's dates will be adjusted on year forward, implementation costs are moved one year into the future, relative to what agencies submitted. For this reason, some costs do not show in the table at the top of the note. They are, however, included in the table below for informational purposes.

Contributions begin January 1, 2022 (fiscal year 21-22) and are show in this summary section, as well as the table at the beginning of this fiscal note, as one-half of the full year dollars. Beginning in fiscal year 2022-23, full year dollars are shown in the tables below. For the table at the top of this note, fiscal year 2022-23 is not reflected.

Payouts

Based on 2018 statistics, the Department of Labor estimates total annual statewide contributions of \$436,509,872. This includes all employees in Nebraska, including state employees. Under the assumption that these collections should be fully appropriated for payouts, the annual "Payout" revenue and expenditure levels for the Department of Labor should reflect this about. (See table at the top of this fiscal note). Contributions begin January 1, 2022, so only one-half year of contributions are shown in the fiscal year. Payout expenditures from the Department of Labor begin July 1, 2022. Therefore, fully annualized payout expenditures is shown beginning in fiscal year 2022-23.

| Payouts | | |
|---------------------|---------------------|---------------------|
| | Fiscal Year 2021-22 | Fiscal Year 2022-23 |
| Received | \$218,254,936 | \$439,509,872 |
| Expended Cash Funds | \$0 | (\$439,509,872) |

Implementation Costs

Implementation costs are the costs associated with work that needs to be done to administer the bill's provisions as well as things such as computer programming. Again, it should be noted that the agency responses have been moved one year into the future to reflect the assumed date changes that the underlying bill will need. Costs that are shown in the table below for fiscal year 2022-23 are not reflected in the table at the top of this note. Additionally, the fiscal year 2022-23 costs below are fully annualized. No 1% contributions are included in the implementation costs.

Implementation Costs

| | Fiscal Year 2021-22 | | | | | Fiscal Year 2022-23 | | | | |
|--------------|---------------------|--------------------|------------|-----------------|--------------------|---------------------|--------------------|------------|-----------------|--------------------|
| | General | Cash | Federal | Other | Total | General | Cash | Federal | Other | Total |
| Labor | \$0 | \$2,708,346 | \$0 | \$0 | \$2,708,346 | \$0 | \$3,861,380 | \$0 | \$0 | \$3,861,380 |
| DAS | \$0 | \$0 | \$0 | \$22,296 | \$22,296 | \$0 | \$0 | \$0 | \$79,340 | \$79,340 |
| University | \$93,600 | \$0 | \$0 | \$0 | \$93,600 | \$374,400 | \$0 | \$0 | \$0 | \$374,400 |
| Total | \$93,600 | \$2,708,346 | \$0 | \$22,296 | \$2,824,242 | \$374,400 | \$3,861,380 | \$0 | \$79,340 | \$4,315,120 |

State Agency 1% Contributions

Under LB 311, state agencies are required to contribute up to 1% of gross wages, just like all other employers. The table below shows the fiscal year 2021-22 (half year) contributions, as well as the fiscal year 2022-23 (full year) contributions. The amounts in the row for state agencies and the State College System are computed using fiscal office data based on 2019 data. The amount of total 1% contributions is already included in the Department of Labor's estimate of total statewide contributions.

State 1% Contribution Costs

| | Fiscal Year 2021-22 | | | | | Fiscal Year 2022-23 | | | | |
|----------------------|---------------------|--------------------|--------------------|--------------------|---------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| | General | Cash | Federal | Other | Total | General | Cash | Federal | Other | Total |
| State Agencies | \$2,411,441 | \$1,162,054 | \$785,514 | \$217,298 | \$4,576,307 | \$4,822,882 | \$2,324,108 | \$1,571,027 | \$434,596 | \$9,152,613 |
| State College System | \$253,408 | \$0 | \$0 | \$0 | \$253,408 | \$506,815 | \$0 | \$0 | \$0 | \$506,815 |
| University | \$1,528,685 | \$1,209,830 | \$1,344,260 | \$2,688,515 | \$6,771,290 | \$2,972,370 | \$2,419,665 | \$2,688,515 | \$5,377,030 | \$13,457,580 |
| Total | \$4,193,534 | \$2,371,884 | \$2,129,774 | \$2,905,813 | \$11,601,005 | \$8,302,067 | \$4,743,773 | \$4,259,542 | \$5,811,626 | \$23,117,008 |

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 311 AM: AGENCY/POLT. SUB: Department of Labor

REVIEWED BY: Neil Sullivan DATE: 12/16/2019 PHONE: (402) 471-4179

COMMENTS: The Department of Labor assessment of fiscal impact from LB 311 appears reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 311 AM: AGENCY/POLT. SUB: Department of Administrative Services

REVIEWED BY: Neil Sullivan DATE: 12/16/2019 PHONE: (402) 471-4179

COMMENTS: The Department of Administrative Services assessment of fiscal impact from LB 311 appears reasonable. There will also be a statewide impact as all agencies will be required to pay an employer contribution of up to 1% of gross wages.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 311 AM: AGENCY/POLT. SUB: University of Nebraska

REVIEWED BY: Neil Sullivan DATE: 12/16/2019 PHONE: (402) 471-4179

COMMENTS: No basis to disagree with the University of Nebraska assessment of fiscal impact from LB 311.

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

2020

LB⁽¹⁾ 311

FISCAL NOTE

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

Prepared by: ⁽³⁾ Katie Thurber Date Prepared: ⁽⁴⁾ 11-27-2019 Phone: ⁽⁵⁾ 402-471-9912

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2020-21</u> | | <u>FY 2021-22</u> | |
|---------------|---------------------|----------------|---------------------|--------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | | | | |
| CASH FUNDS | <u>2,708,346</u> | <u>XX</u> | <u>3,861,380</u> | <u>109,127,468</u> |
| FEDERAL FUNDS | | | | |
| TRUST FUNDS | | | | |
| TOTAL FUNDS | <u>2,708,346</u> | | <u>3,861,380</u> | <u>109,127,468</u> |

Explanation of Estimate: LB 311 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 311, the Nebraska Department of Labor is responsible for the administration of the program. LB 311 covers all individuals employed in covered employment. Individuals in covered employment are potentially eligible for paid leave at the following limits:

- Up to 12 weeks of paid leave for a person with a serious illness or injury (sickness or injury that requires inpatient care or continuing treatment by a healthcare provider);
- Up to 12 weeks of paid leave to bond with a new child;
- Up to 6 weeks to care for a family member;
- Up to 6 weeks to care for a service member; and
- Up to 6 weeks for exigency leave.

Rhode Island has a paid family and medical leave program similar to LB 311. 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 311 does not have a minimum duration requirement.)
- Up to 4 weeks of paid leave to bond with a new child; and
- Up to 4 weeks to care for a family member.

To estimate benefits paid under LB 311, the Department closely examined Rhode Island’s annual statistics.

In calendar year 2017, Rhode Island paid out \$172,300,000 in benefits. Approximately \$160,000,000 (93%) 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 311. Approximately, \$12,000,000 (7%) 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 305.

In 2018, Rhode Island had a population of approximately 1,060,000; there were 487,019 people in covered employment in 2nd quarter of 2018. Comparatively, Nebraska has a population of approximately 1,920,000 and had 983,608 people in covered employment in 2nd quarter 2018.

In 2017, Rhode Island processed 45,132 claims for paid leave, which equaled approximately 9.5% of their covered employment workforce. Of the claims received, 33,266 were approved (74%). Rhode Island’s average number of payments per claim was just over 12 weeks. Assuming these numbers for Nebraska, the Department estimates that it will have

100,240 claims and 73,877 (74%) will be approved. Assuming an average number of 9 payments per claim, Nebraska would pay out approximately \$272,246,772 per year in paid family and medical leave benefits. Please see below for a chart that calculates the benefit amount at varying average numbers of payments per claim. The amount of contributions is capped at one percent of an employer's gross wages paid. In 2018, Nebraska's total gross wages were \$43,650,987,176. The maximum amount of contributions the Department could collect is \$436,509,872.

In 2018, the Department paid out \$76,002,739 in unemployment insurance benefits with a staff of approximately 45 adjudicators. Because LB 311 has significantly fewer regulatory requirements, it is estimated that 24 adjudicators will be required. The department will also need 2 labor law specialists, 2 field representatives, 2 claims specialists, 2 program supervisors, 1 benefits administrator, 1 accountant III, .5 accountant II, 1 attorney III, and 1 staff assistant I to handle the workload. Further, the IT build will require 3 IT positions. The IT positions will begin upon LB 311 passage and the Admin positions will begin thereafter.

A \$1,446,150 Implementation Fee will be incurred to build the system to process and pay the PFMLA claims. This will be followed by an annual subscription fee of \$289,260. FY20-21 also includes \$140,600 for cubicles as well as annual PC leases for the Admin staff. (Due to time elapsed since prior bill consideration, the implementation period would be much shorter than accounted for in previous analysis. In order to accommodate this shorter time line, implementation would need to begin as soon as possible resulting in FY19-20 fiscal impact. Due to a shortened implementation period without an amendment to this bill, NDOL is assuming operating costs for implementation will increase by 15%, resulting in FY19-20 expenditures of \$2,389,051.)

| Wage Category | Count SSN | Total Quarterly Wage Amount | Average Quarterly Wage Per Person | Paid FMLA Wage Cap | FMLA Payout (weekly) per person | 12 payments per claim – 9.46% covered employment claiming, 73.7% approved | 9 payments per claim – 9.46% covered employment claiming, 73.7% approved | 6 payments per claim – 9.46% covered employment claiming, 73.7% approved | 3 payments per claim – 9.46% covered employment claiming, 73.7% approved |
|---------------|-----------|-----------------------------|-----------------------------------|--------------------|---------------------------------|---|--|--|--|
| ≤ 20% | 219,427 | \$235,114,648 | \$1,071 | 95% | \$78 | \$14,374,734 | \$10,781,050 | \$7,187,367 | \$3,593,683 |
| >20-30% | 70,032 | \$200,219,924 | \$2,859 | 90% | \$198 | \$11,597,018 | \$8,697,763 | \$5,798,509 | \$2,899,254 |
| >30-50% | 121,535 | \$555,944,650 | \$4,574 | 85% | \$299 | \$30,412,141 | \$22,809,106 | \$15,206,071 | \$7,603,035 |
| > 50% | 644,166 | \$9,837,835,348 | \$15,272 | 66% | \$569 | \$306,611,804 | \$229,958,853 | \$153,305,902 | \$76,652,951 |
| Total | 1,055,160 | \$10,829,114,570 | \$10,263 | | | \$362,995,696 | \$272,246,772 | \$181,497,848 | \$90,748,924 |

As an employer, NDOL will contribute up to 1% of its employees gross wages paid. Gross wages for FY17-18 were approximately \$16,500,000, which would cost the department an additional \$165,000 in taxes. Employer contributions will begin January 2022. Therefore, one-half or \$82,500 will be paid in FY21-22 with the full amount of \$165,000 beginning in FY22-23.

LB311 provides for an appropriation from the Nebraska Health Care Cash Fund to the Nebraska Paid Family and Medical Leave Fund on 10/1/2020 in the amount of XX for initial administrative costs. Because this amount is unknown, the department is unable to provide a number in the chart. The Nebraska Health Care Cash Fund transfer is only for upfront administrative costs and must be repaid by 10/1/2022.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2020-21</u> | <u>2021-22</u> |
|-----------------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>20-21</u> | <u>21-22</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| IT Business System Analyst | 2.0 | 2.0 | 106,855 | 108,332 |
| IT Supervisor | 1.0 | 1.0 | 91,976 | 93,247 |
| Labor Law Specialist | 2.0 | 2.0 | 44,152 | 84,594 |
| Field Representative | 2.0 | 2.0 | 42,636 | 85,774 |
| Adjudicator | 24.0 | 24.0 | 442,760 | 890,739 |
| Claims Specialist | 2.0 | 2.0 | 32,240 | 64,859 |
| Program Supervisor | 2.0 | 2.0 | 53,298 | 105,639 |
| Benefits Administrator | 1.0 | 1.0 | 35,592 | 70,545 |
| Accountant II | .5 | .5 | 11,055 | 21,911 |
| Accountant III | 1.0 | 1.0 | 25,551 | 50,643 |
| Attorney III | 1.0 | 1.0 | 37,147 | 73,627 |
| Staff Assistant I | 1.0 | 1.0 | 16,929 | 33,555 |
| Total Salaries | 39.5 | 39.5 | 940,191 | 1,683,465 |
| Benefits | | | 322,580 | 578,607 |
| Operating | | | 1,292,975 | 1,587,308 |
| Travel | | | 12,000 | 12,000 |
| Capital outlay | | | 140,600 | |
| Aid | | | | |
| Capital improvements | | | | |
| TOTAL | | | 2,708,346 | 3,861,380 |

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2020

LB⁽¹⁾ 311 (Updated)

FISCAL NOTE

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

Prepared by: ⁽³⁾ Ann Martinez Date Prepared: ⁽⁴⁾ 11-07-2019 Phone: ⁽⁵⁾ 402-471-4135

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2020-21</u> | | <u>FY 2021-22</u> | |
|-------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>16,408</u> | <u></u> | <u>32,815</u> | <u></u> |
| CASH FUNDS | <u>3,154</u> | <u></u> | <u>6,309</u> | <u></u> |
| REVOLVING FUNDS - | | | | |
| Operational | <u>22,296</u> | <u>22,296</u> | <u>79,340</u> | <u>79,340</u> |
| REVOLVING FUNDS | <u>151,485</u> | <u></u> | <u>302,969</u> | <u></u> |
| TOTAL FUNDS | <u>193,343</u> | <u>22,296</u> | <u>421,433</u> | <u>79,340</u> |

Explanation of Estimate:

LB 311 creates a paid family leave program for all employers subject to the Employment Security Law. The State of Nebraska is subject to that law. Beginning January 1, 2021 covered employers shall be required to remit contributions, thus a six month fiscal impact in FY20-21 and a full year in FY21-22. A covered individual may take paid family and medical leave beginning in July 1, 2021.

LB 311 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 contributions would come from the State, increasing payroll related costs.

The bill requires that when contributions are determined by the commissioner and are due, an employer must remit them. The commissioner is to determine annually 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.

At this time the additional costs to the State are unknown. The bill states the contributions required would not exceed one (1) percent of the gross wages paid to covered individuals by such covered employer. In FY18-19 (the most recently completed fiscal year) the Department of Administrative Services (DAS) paid more than \$34 million in wages. Assuming no increases in salary expenses and a maximum of 1%, DAS's contributions could be \$171,047 in FY20-21 (January-June 2021) and \$342,093 in FY21-22. This would require an increase in General, Cash and Revolving fund appropriation in FY20-21 and FY21-22.

Any increases in DAS Revolving fund expenditures can impact the enterprise, as the DAS rates that are charged for goods and services are impacted by cost increases.

The bill does require 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. Agencies would also be required to respond to requests from DOL for compensation data in each instance that an employed individual files a claim. The Act would allow for an increase in the DAS employee eligibility from existing the Family Medical Leave Act (FMLA) to paid family and medical leave. 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 employees. However, due to the potential increase in eligible employees, existing resources may not be sufficient to meet the increased compensation reporting requirements, notification requirements, and ongoing communication requirements with a greater number of eligible employees. 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. An additional Personnel Officer would be sufficient to meet the potential increase in DAS eligible employees and the requirements of the new program.

This additional Personnel Officer would need to be on-boarded in the final quarter (April-June 2021) of FY20-21 to provide the necessary notifications required, etc. as a covered individual may be eligible for paid family and medical leave beginning in July 1, 2021.

The estimated cost to DAS-Central HR/Central HR – Shared Services for this new FTE is \$22,296 (three months) in FY20-21 and \$79,340 in FY21-22. These costs include estimated FY20-21 / FY21-22 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, printing/publication, rent/depreciation surcharge and other supplies); which also includes \$2,000 for materials and postage required to make the required written notifications to newly hired and existing employees and annual communication costs. There would also be a one-time cost of \$1,400 in FY20-21 for set up costs and the purchase of new non-capitalized equipment (monitor, furniture, etc.)

These additional costs would result in the need for additional revolving fund appropriation and an increase in the already set Director’s Office – Central HR Assessment to the Divisions of DAS in FY20-21 and beyond. There would also be increased costs passed on to those agencies participating in the Central HR - Shared Services model. Any increases to a DAS internal 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 than were estimated, as well as increases in operational costs – rent/depreciation surcharge, OCIO expenses, etc.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2020-21</u> | <u>2021-22</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>20-21</u> | <u>21-22</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Personnel Officer | 1.00 | 1.00 | 9,785 | 39,922 |
| [20-21 April-June 2021] | | | | |
| Benefits..... | | | 8,007 | 33,004 |
| Operating..... | | | 4,504 | 6,414 |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | 22,296 | 79,340 |

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2020

LB⁽¹⁾ 311

FISCAL NOTE

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

Prepared by: ⁽³⁾ Mike Justus Date Prepared: ⁽⁴⁾ Novmber 15 2019 Phone: ⁽⁵⁾ 402-472-7109

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2020-21</u> | | <u>FY 2021-22</u> | |
|--------------------|-------------------------|------------------------------------|--------------------------|------------------------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>1,622,285</u> | <u> </u> | <u>3,346,770</u> | <u> </u> |
| CASH FUNDS | <u>1,209,830</u> | <u> </u> | <u>2,419,665</u> | <u> </u> |
| FEDERAL FUNDS | <u>1,344,260</u> | <u> </u> | <u>2,688,515</u> | <u> </u> |
| OTHER FUNDS | <u>2,688,515</u> | <u> </u> | <u>5,377,030</u> | <u> </u> |
| TOTAL FUNDS | <u>6,864,890</u> | <u> </u> | <u>13,831,980</u> | <u> </u> |

Explanation of Estimate:

The bill establishes the Paid Family and Medical Leave Insurance Act. The University will need additional HR staff to track the employee eligibility (once officially determined by the State), coordinate pay plans (including leave without pay), establish and maintain designee records, and to track/coordinate the FLSA (rolling calendar) versus the State Plan (calendar year) leave records and to coordinate with the campus departments/colleges.

We believe we will need to adapt the HR system to track this separate leave program. This will need to be in place prior to the effective date of plan usage, which is currently July 1, 2021.

The fiscal impact of the two years included in this fiscal note includes two parts. First is adapting the HR system and hiring personnel in the final quarter to be in place prior to July 1, 2021. Secondly, the up to 1% charge against payroll will exceed \$13 million dollars a year beginning in FY 22, the charge to the employer is effective January 1, 2021 and so a half year is reflected in FY 21.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2020-21</u> | <u>2021-22</u> |
|---------------------------------------|------------------------------------|------------------------------------|-----------------------------|-----------------------------|
| | <u>20-21</u> | <u>21-22</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Coordinators (5 positions, ¼ year) | <u>1.13</u> | <u> </u> | <u>73,125</u> | <u> </u> |
| Coordinators (5 positions, full year) | <u> </u> | <u>4.50</u> | <u> </u> | <u>292,500</u> |
| Benefits..... | <u> </u> | <u> </u> | <u>20,475</u> | <u>81,900</u> |
| Operating..... | <u> </u> | <u> </u> | <u>6,771,290</u> | <u>13,457,580</u> |
| Travel..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital outlay..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Aid..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital improvements..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL..... | <u> </u> | <u> </u> | <u>6,864,890</u> | <u>13,831,980</u> |