

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6091

BILL NUMBER: HB 1570

NOTE PREPARED: Nov 3, 2020

BILL AMENDED:

SUBJECT: Voluntary Family Leave Insurance Program.

FIRST AUTHOR: Rep. Johnson

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Department of Insurance (DOI) to establish, not later than January 1, 2022, a Family Leave Insurance Program for the purpose of providing benefits to employees who elect to participate in the program.

The bill requires that:

- (1) the program be voluntary for both employers and employees;
- (2) both employers and employees make contributions to the program to fund benefits;
- (3) employee contributions be made by payroll deduction;
- (4) the benefit eligibility requirements established for the program include, at a minimum, the requirements that qualify an employee for leave under the federal Family and Medical Leave Act; and
- (5) an employee have the option to select whether the employee's benefit is equal to 100%, 75%, or 50 % of the employee's salary and the number of weeks that a benefit will be paid.

The bill requires the DOI to develop the program with the assistance of and in coordination with the Department of Labor (DOL). It requires the DOI, not later than November 1, 2021, to submit a report to the Legislative Council and the Budget Committee concerning the proposed program. It also establishes the Family Leave Insurance Program Trust Fund (trust fund) for the purpose of paying program benefits. It also transfers and appropriates the balance in the Political Subdivision Risk Management Fund to the trust fund.

Effective Date: July 1, 2021.

Explanation of State Expenditures: At a minimum, this bill will increase the workload of the Department of Insurance (DOI), and potentially the Department of Labor (DOL), to develop the program and establish

rules to govern a voluntary Family Leave Insurance Program. Increases in workload to promulgate rules would occur in FY 2022 and is required to be completed by January 1, 2022. These requirements, including the required report to Legislative Council and Budget Committee during the 2022 interim, are expected to be accomplished within existing resource and funding levels.

State expenditures to operate the voluntary Family Leave Insurance Program would depend on whether the state operates the program or contracts out program administration to a third-party entity. Ultimately, program costs would be covered by the collection of premiums assessed on program participants and possibly from a transfer of the Political Subdivision Risk Management Fund remaining balance to the Family Leave Insurance Program Trust Fund.

State Agencies as Employers: This bill could increase state expenditures by an indeterminable amount if the agencies decides to participate in the Family Leave Insurance Program as an employer. Participating employers and employees would be required to contribute at a rate sufficient to fund the program which would be determined annually by DOI. [This bill has the potential to impact all agencies as employers, thus impacting all funds that provide operating funds to agency staff.]

Explanation of State Revenues: *Voluntary Family Leave Insurance Program Trust Fund:* This bill will transfer the balance of the Political Subdivision Risk Management Fund (\$4.8 M in FY 2020) to the newly created trust fund for purposes of funding a voluntary Family Leave Insurance Program. The bill could also increase revenue to the Trust Fund from premiums collected from program participants to fund the program. Total increases in revenue from premiums and program participation are unknown.

Political Subdivision Risk Management Fund: The DOI reports that the Political Subdivision Risk Management Fund has not collected revenue during the last 3 to 4 fiscal years, and no longer has active members.

Explanation of Local Expenditures: To the extent local units of government as employers elect to pay all or part of the employee contribution, local expenditures could increase by an indeterminable amount.

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance, Department of Labor, all agencies as employers.

Local Agencies Affected: Local units as employers.

Information Sources: Barb Lohman, DOI.

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