

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			\$2,498,938	See Below
FEDERAL FUNDS				
OTHER FUNDS			See Below	See Below
TOTAL FUNDS			\$2,498,938	

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

LB 189 is the Paid Family and Medical Leave Insurance Act (the Act).

Section 2 provides definitions.

Under the Act, beginning January 1, 2028, a covered individual may take paid family and medical leave for any of the following reasons:

- To care for a new child during the first year after birth, adoption, or placement through foster care;
- To care for a family member who has a serious health condition;
- To care for a covered servicemember if that person is a family member or the next of kin;
- For qualifying exigency leave; or,
- The covered individual has a serious health condition, including pregnancy, that makes the individual unable to perform the function of their position.

The maximum amount of paid family and medical leave that a covered individual may take shall be ten weeks or, for leave taken on an intermittent basis, sixty work days during any benefit year.

Section 4 provides for varying limitations regarding the percentage of an individual’s pay that may be received. Variations are based on the individual’s average weekly wage as compared to the state average weekly wage. In addition, covered individuals are prohibited from receiving family and medical leave benefits at the same time that they receive workers’ compensation benefits for total disability or benefits under the Employment Security Law.

Section 5 requires covered individuals to file an initial claim for benefits with the commissioner of labor. Certain elements are required for the filing. The commissioner of labor shall determine whether or not the covered individual meets eligibility requirements.

Section 6 allows employers to participate in the Paid Family and Medical Leave Insurance Act by applying to the commissioner. Employers may also elect to terminate such participation.

Section 8 creates the Paid Family and Medical Leave Insurance Fund which shall consist of private donations, money transferred by the Legislature, contributions from covered individuals, and donations from covered employers. Beginning on or before January 1, 2027, covered individuals may make contributions. Contributions shall be used to pay family and medical leave benefits payable under the Act and administrative costs incurred in administering the Act.

The commissioner shall annually determine the contribution amounts necessary to finance the benefits payable under the act. If contribution amounts are not sufficient to pay the benefits, the commissioner shall increase the contribution amounts by the lowest amount necessary to pay all such benefits.

Beginning on the effective date of LB 189, the commissioner shall accept donations from any private individual or entity, including any employer, and shall remit all donations for credit to the Paid Family and Medical Leave Insurance Fund. Such donations shall be used to pay the upfront and ongoing administrative costs of the Act.

On or before October 1, 2026, the State Treasurer shall transfer five million five hundred fifty-eight thousand dollars (\$5,558,000) from the Nebraska Health Care Cash Fund to the Paid Family and Medical Leave Insurance Fund. The transfer shall be repaid when the Paid Family and Medical Leave Insurance Fund has sufficient funds to pay all required benefits after such repayment is made. In no case shall such repayment be made later than October 1, 2030.

Section 10 provides for covered individuals, upon return from leave, to be restored to the position of employment held when leave commenced, or an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment. During any leave taken under the Act, the covered employer shall maintain any health benefits the covered individual had, if the covered individual continues to pay their share of the cost as required prior to the commencement of the leave. Covered employers shall not require a covered individual to exhaust their accrued vacation or sick time prior to taking paid family and medical leave.

Section 13 requires covered employers to provide covered individuals written notice regarding the Act upon hiring and annually thereafter.

Section 18 allows the commissioner to conduct investigations in order to determine compliance with the Act.

Section 20 excludes family and medical leave benefits from consideration as compensation under the County Employees Retirement Act, the Judges Retirement Act, the Nebraska State Patrol Retirement Act, the School Employees Retirement Act, the State Employees Retirement Act, or any other retirement plan administered by the Public Employees Retirement Board.

The Department of Labor (DOL) estimates the need for 32.0 FTE to administer the provisions of LB 189. The transfer of \$5,558,000 into the Paid Family and Medical Leave Fund is to occur by October 1, 2026. Assuming funds are received on this date, DOL estimates expenditures for 67% of the annual amount for FY27. The DOL estimate for Cash Fund expenditures is \$2,498,938 in FY27. The annualized amount, beginning in FY28, is \$6,614,311. There is no basis to disagree with these estimates.

The DOL estimates regarding individual contributions and benefits is based on the assumption that 10% of the covered workforce will apply. Under this assumption, 99,706 applications would be received. Further assuming 85% of applications are approved, 84,750 individuals would be eligible. Based on current average weekly wages, the maximum weekly payment would be \$755.04 per week for each eligible individual. DOL estimates \$385,612,955 in benefits payments on an annual basis. These payments would be paid from funds contributed by employees and are reflected in the table above under "Other Funds".

DOL recognizes the difficulty of preparing this estimate due to the multiple variables associated with employee and employer participation, total potential contributions from covered employees, and the timing of contributions. For example, contributions may be received on a date on or before January 1, 2027 (Section 8). However, benefits are not available until January 1, 2028 (Section 3). DOL assumes that contributions will not be received until a time closer to the availability of benefits and result in a low fund balance when benefits are distributed. This may lead to a rapid fund balance depletion.

Furthermore, DOL notes that the transfer of \$5,558,000 will occur October 1, 2026 and contributions are to be received beginning January 1, 2027. DOL states that this three-month window "is insufficient time to complete the required system build and hire staff."

NOTE: The Health Care Cash Fund is funded by annual transfers from the Nebraska Tobacco Settlement Trust Fund in section 71-7611. Such transfer for FY2025-26 would need to be amended to accommodate the transfer in this bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 189	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 3/12/2025	PHONE: (402) 471-4178
COMMENTS: Concur with the Department of Revenue assessment of fiscal impact from LB 189.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 189	AM:	AGENCY/POLT. SUB: Nebraska Department of Labor
REVIEWED BY: Ryan Yang	DATE: 3/13/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Department of Labor assessment of fiscal impact from LB 189.		

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

LB: 189 AM: AGENCY/POLT. SUB: Department of Administrative Services (DAS) – State Personnel - Enterprise

REVIEWED BY: Ryan Yang DATE: 2/13/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the DAS assessment of fiscal impact from LB 189.

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

LB: 189 AM: AGENCY/POLT. SUB: City of Lincoln, NE

REVIEWED BY: Ryan Yang DATE: 3/13/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the City of Lincoln, NE assessment of fiscal impact from LB 189.

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

2025

LB⁽¹⁾ 189

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – State
Personnel - Enterprise

Prepared by: ⁽³⁾ Sean Davis Date Prepared: ⁽⁴⁾ 1/22/25 Phone: ⁽⁵⁾ 402-471-4439

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 189 adopts the Paid Family and Medical Leave Insurance Act. It impacts covered employers, defined as “an employer that elects to participate” in the Act. Beginning on an implementation date selected by the Commissioner of Labor that is on or before January 1, 2027, covered individuals shall begin making contributions to pay for participation in the Paid Family and Medical Leave Insurance Act. Contributions shall become due and be paid in such manner and at such times as the Commissioner shall prescribe by rule and regulation. The required amount of contributions will be reviewed annually and adjusted as needed. Covered individuals’ contributions pay the benefits and the administrative costs. Donations could be made by covered employers to cover upfront and ongoing administrative costs.

Participation provides ten weeks or 60 workdays (intermittent) of paid leave due to FMLA qualifying events at various percentages of the State’s average weekly wage beginning January 1, 2028.

In 2024 the State of Nebraska had 345,311.65 hours designated as FMLA, some of it was supplemented with paid leave. Assuming the average hourly Nebraska employee wage of \$31.364 the estimated value of those 345,311.65 hours was \$10,830,354.59.

If the State of Nebraska elected to be a covered employer, LB 189 does not obligate contributions by the employer, but it would have a fiscal impact to the covered individuals as employees of the State of Nebraska.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26 EXPENDITURES</u>	<u>2026-27 EXPENDITURES</u>
	<u>25-26</u>	<u>26-27</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2025

LB⁽¹⁾ 189

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln, NE

Prepared by: ⁽³⁾ Sarah Kroll Date Prepared: ⁽⁴⁾ 02/13/2025 Phone: ⁽⁵⁾ 402-441-6552

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,114,630		\$3,239,215	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

Approximately 259 people utilized FMLA for an average of 8 weeks (350 hours). The average hourly rate salary is \$37.58 to (259X350X37.58=\$3,114,630) Increased by 4% wage growth (\$124,585) in 2026-2027.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2025

LB⁽¹⁾ 189

FISCAL NOTE

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

Prepared by: ⁽³⁾ Rea Easton Date Prepared: ⁽⁴⁾ 3/5/2025 Phone: ⁽⁵⁾ 402-416-6809

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	2,498,938	5,558,000
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>2,498,938</u>	<u>5,558,000</u>

Funds will not be available until October 2026 meaning that staffing will not begin until FY2026-27. NDOL is to start collecting contributions by January 1, 2027. That is insufficient time to complete the required system build and hire staff. Because of the timing of the fund transfer, NDOL estimates, staff will be at 67% of a full year for FY26-27. The costs for establishing a system will not be paid until FY2028.

Position Title	FTE			Expenditures		
	<u>FY 25-26</u>	<u>FY 26-27</u>	<u>FY 27-28</u>	<u>FY 25-26</u>	<u>FY 26-27</u>	<u>FY 27-28</u>
IT Business System Analyst	-	5.00	5.00	-	345,738	178,055
Labor Law Specialist	-	3.00	3.00	-	114,864	176,581
Field Rep	-	3.00	3.00	-	127,558	196,097
Adjudicator	-	10.00	10.00	-	367,962	565,672
Claims Specialist	-	5.00	5.00	-	160,758	247,135
UI Program Supervisor	-	1.00	1.00	-	52,368	80,506
Accountant II	-	1.00	1.00	-	43,827	67,376
Attorney III	-	1.00	1.00	-	99,475	102,459
PFMLA Director	-	1.00	1.00	-	112,208	115,575
Project Manager	-	1.00	1.00	-	82,296	84,765
Office Specialist	-	1.00	1.00	-	29,359	45,135
Salaries	-	32.00	32.00	-	1,536,413	1,859,356
Benefits					554,116	670,587
Operating					335,810	4,074,369
Travel					15,000	10,000
Capital Outlay					57,600	
TOTAL					2,498,938	6,614,311

Estimating that 10% of the covered workforce will apply, NDOL would receive 99,706 applications. Assuming 85% of applications were approved, 84,750 individuals would be eligible. NDOL estimates an average claim duration of 7 weeks. The maximum weekly benefit amount is 66% of the state average weekly wage. The most current calculated state average weekly wage is \$1,144. This would set the maximum weekly payment at \$755.04.

For purposes of this estimate, NDOL places the average weekly FMLA payment at \$650 since not all individuals would qualify for the maximum payment amount. NDOL would pay out \$385,612,955 for a full year based on \$650 payments for 7 weeks claimed based on current data. As drafted, contributions are voluntary and funded by employees. There is no required opt in date. NDOL anticipates no one would opt in until benefits are available for payout in 2028. Because there are no requirements to enroll for a set timeframe, employees could limit enrollment specifically to time on FMLA. This would quickly deplete funds.

For the most current 12-month period for which data exists, July 2023 through June 2024, employers paid \$59 billion in covered wages to employees. Because employers and employees must both elect to participate, it is difficult to estimate the amount of contributions NDOL will receive. NDOL took 10% of the covered wages paid, to align with the estimated 10% of the covered workforce participation. From there, NDOL assumed each individual would contribute 15 weeks of payments at 1% of their covered wages. This would total \$17,019,230.77 in contributions.

	<u>FY 2025-26</u>		<u>FY 2026-27</u>		<u>FY 2027 -28</u>		<u>FY 2028 -29</u>	
	<u>EXP</u>	<u>REVENUE</u>	<u>EXP</u>	<u>REVENUE</u>	<u>EXP</u>	<u>REVENUE</u>	<u>EXP</u>	<u>REVENUE</u>
GENERAL FUNDS								
CASH FUNDS			2,498,938	5,558,000	6,614,311		1,918,083	
FEDERAL FUNDS								
OTHER FUNDS					192,806,478	8,509,615	385,612,955	17,019,231
TOTAL FUNDS			2,498,938	5,558,000	199,420,789	8,509,615	387,531,038	17,019,231

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
IT Business System Analyst	5.0	5.0	345,738	178,055
Labor Law Specialist	3.0	3.0	114,863	176,581
Field Representative	3.0	3.0	127,558	196,097
Adjudicator	10.0	10.0	367,962	565,672
Claims Specialist	5.0	5.0	160,758	247,135
Program Supervisor	1.0	1.0	52,368	80,506
Accountant II	1.0	1.0	43,827	67,376
Attorney III	1.0	1.0	99,474	102,459
PFMLA Director	1.0	1.0	112,208	115,575
Project Manager	1.0	1.0	82,296	84,765
Office Specialist	1.0	1.0	29,360	45,134
Total Salaries	32.0	32.0	1,536,412	1,859,355
Benefits			554,116	670,587
Operating			393,410	4,074,369
Travel			15,000	10,000
Capital outlay				
Aid				
Capital improvements				
TOTAL			2,498,938	6,614,311

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

2025

LB ⁽¹⁾ 0189 Adopt the Paid Family and Medical Leave Insurance Act

FISCAL NOTE

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

Prepared by:⁽³⁾ Anne Barnes Date Prepared:⁽⁴⁾ 01/20/2025 Phone:⁽⁵⁾ (402) 559-6300

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025 - 26		FY 2026 - 27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Explanation of Estimate:

No Fiscal Impact.

Sections 2 and 6 of the legislative bill indicate participation in the program for an employer is voluntary. See below:

Sec. 2. For purposes of the Paid Family and Medical Leave Insurance Act:

(5) Covered employer means an employer that elects to participate in the Paid Family and Medical Leave Insurance Act as provided in section 6 of this act;

Sec. 6. (1) An employer may elect to participate in the Paid Family and Medical Leave Insurance Act by applying to the commissioner in a form and manner prescribed by the commissioner.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025 - 26 EXPENDITURES</u>	<u>2026 - 27 EXPENDITURES</u>
	<u>25 - 26</u>	<u>26 - 27</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				