

March 6, 2020

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151D-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2644 by Representative Horn

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2644 is respectfully submitted to your committee.

HB 2644 would establish the Kansas Paid Family Leave Act to be administered by the Kansas Department of Labor. Beginning July 1, 2021, individuals who are self-employed or worked for an employer for either 26 weeks at a regular schedule of 20 or more hours per week or for 175 hours at a regular schedule of less than 20 hours per week could apply to the Kansas Department of Labor for paid family leave benefits. The bill would list the eligible benefits and the circumstances under which paid family leave benefits may be accessed.

Paid family leave benefits would be financed from the Family and Medical Leave Insurance Fund, which would be a new fund in the state treasury. Beginning January 1, 2021, the Kansas Department of Labor would be required to assess premiums to each self-employed individual and individuals who work the schedules above. The bill would allow employers to deduct the premiums from an individual's wages or pay all or a portion of the individual's premiums. The premiums would be remitted to the Family and Medical Leave Insurance Fund. The Fund would be administered by the Pooled Money Investment Board, who would be authorized to invest monies in the Fund and manage the investments.

The Kansas Department of Labor would be required to establish the procedures and forms for filing claims, conduct a public education campaign, and establish a system for appeals for denial of benefits. The bill would allow for a judicial review of any decision after all administrative remedies have been exhausted. The Department would be required to submit a report to the Legislature on January 1 of each year.

The Kansas Department of Labor indicates the bill would have a fiscal effect on the agency; however, the Department is unable to estimate what the fiscal effect would be. Extensive research would be required to determine the administrative costs necessary to develop and maintain the paid family leave program.

The Pooled Money Investment Board indicates managing a fund for the purposes of providing individual benefits is currently outside the scope of work currently performed by the Board and would be a new program. The Board estimates the bill would require additional resources, but the amount is unknown.

The Department of Administration estimates the bill would require \$31,128 from special revenue funds in FY 2021 to make modifications to the state payroll system to implement any new payroll deduction. The amount includes one-time costs of \$15,000 for programming and \$10,368 for staff implementation plus ongoing costs of \$5,760 annually to run bi-weekly system reports. The Department indicates the fiscal effect could be handled within existing resources.

The Office of Judicial Administration indicates the bill would result in a fiscal effect from managing the paid family leave program within the Judicial Branch and from the provisions allowing judicial review of decisions. Allowing judicial review of decisions could increase the amount of time spent by district court personnel to process, research and hear cases. Also, any cases filed under the provisions of the bill could increase revenues received from docket fees. However, the Office is unable to estimate the fiscal effect because the number of cases of judicial review that would result from the bill is unknown. Any fiscal effect associated with HB 2644 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Mary Rinehart, Judiciary
Scott Miller, PMIB
Jeff Scannell, Department of Administration
Dawn Palmberg, Department of Labor