

# FISCAL NOTE

June 22, 2023

<b>Bill No:</b>	HB 181	<b>Printer's No:</b>	1461	<b>Sponsor:</b>	Miller
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## COST / (SAVINGS)

Fund (s)	2022-23	2023-24
General Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** HB 181 establishes the Family and Medical Leave Insurance Act.

**ANALYSIS:** HB 181 states that within one year of the effective date, the Department of Labor and Industry (L&I) shall establish the Family and Medical Leave Insurance Program and no later than two years following the establishment of the program shall pay family and medical leave insurance benefits. L&I shall also establish the procedures and forms for filing a claim under this act, as well as promulgate regulations. This includes the acquisition and development of information technology and personnel to process claims and issue benefits. Also provides for reporting and educating the public.

Eligible uses for the fund include caring for a new child, family member with a serious health condition, or family member who is a service member. Also included is the individual themselves or if there is a declared public health emergency. HB 181 lays out conditions for employees to be eligible to collect benefits. To receive benefits, an individual cannot receive benefits for the same day under the Workers' Compensation Act or the Unemployment Compensation Law. Benefits have a maximum duration of 12 weeks (for family members, public health emergencies, and service members) or 20 weeks (for new children or the individual themselves). L&I shall calculate the benefits amount and adjust annually.

HB 181 establishes the Family and Medical Leave Insurance Fund as a nonlapsing fund in the State Treasury. All persons employed in the Commonwealth shall be required to contribute to the program. Collection of this contribution shall begin one year prior to the payment of benefits and the rate shall be found through actuarial analysis to ensure solvency of the fund but shall not exceed 1 percent of an individual's wages. L&I shall evaluate these contribution rates annually.

HB 181 provides for penalties for violations of this act and lays out employee rights under this act. Also establishes the Family and Medical Leave Insurance Advisory Board and provides for its composition. Members shall not receive compensation but shall be reimbursed for expenses.

This act shall take effect in 180 days.

**FISCAL IMPACT:** Implementation of HB 181 would require an entirely new bureau or deputation (something similar to Workers' Compensation) to be created within L&I. An initial cash infusion will be needed to hire staff, establish the fund, and create needed IT infrastructure (this was done to establish Washington's program through two loans that were paid back with interest). After

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the initial cash infusion, the program is meant to be financially self-sustaining. Any initial loan or appropriation provided to cover initial startup costs could be reimbursed. L&I has startup costs estimated at:

Costs or Savings	Year 1	Year 2	Year 3
Administrative Costs <i>(Includes Personnel &amp; Operating Costs)</i>	\$7.75 M	\$23.25 M	\$60.2 M
Initial Infrastructure	\$36.15 M	\$36.15 M	N/A
<b>TOTAL</b>	<b>\$43.9 M</b>	<b>\$59.4 M</b>	<b>\$60.2 M</b>