Bill Number:	H. 3908 Introduced on February 8, 2023
Author:	Collins
Subject:	Paid Family Leave
Requestor:	House Ways and Means
RFA Analyst(s):	Jolliff
Impact Date:	March 8, 2023

Fiscal Impact Summary

This bill provides any eligible school district employee with 6 weeks of paid parental leave for the birth of a child. The bill also provides 6 weeks of paid parental leave for the primary caregiver of an adopted child. Two weeks of paid parental leave are provided for the co-parent of a newborn or adopted child or following placement of a foster care child.

This bill will not impact expenditures for the Department of Education to implement these policies. The agency will promulgate regulations, guidance, and procedures with existing staff and resources.

Requiring school districts to implement the proposed leave policy will impact local expenditures if the provision changes district policy or current behavior by employees taking more leave. To determine the potential impact, Revenue and Fiscal Affairs asked the Department of Education to survey the school districts. We received responses from 51 districts to our initial request and 32 responses to additional follow-up questions. Some districts already have a similar policy in place and will not have an impact. In response to our initial request, most districts that do not currently have a similar policy estimated the cost based on the full 6 weeks, which we believe would overstate the impact for any employees who already claim the full 12 weeks of leave. The responses varied widely, partially by size of district and partially by assumed costs and weeks. The daily rate for substitute teachers ranged from approximately $120 per day to $400. The total estimated by districts ranged from approximately $12,000 to a potential high of $3,360,360.

Based on follow-up responses from school districts, the average number of weeks taken is about 8 weeks currently. On average, employees would only be eligible for an additional 4 weeks to reach the maximum 12 weeks of leave under the Family Medical Leave Act (FMLA). Therefore, using the full 6 weeks for all qualifying employees would potentially overstate the impact. With the wide variance in the cost of substitutes and differences in policies, the impact on districts, even assuming a consistent 4 weeks of additional leave, will vary widely, potentially ranging from $2,400 to $8,000 per 4-week occurrence. Further, some districts would have an impact for payout of accrued leave due to the employee using less accrued leave, but other districts do not payout unused leave.

In summary, the impact on districts will vary widely depending on the district's current policies, substitute costs, and the number of employees impacted. Overall, there is no consistent impact across districts. Some districts will not have any additional cost, whereas other districts will experience an increase in their costs to a varying degree.

Explanation of Fiscal Impact

Introduced on February 8, 2023
State Expenditure
This bill provides any eligible school district employee with 6 weeks of paid parental leave for the birth of a child. The bill also provides 6 weeks of paid parental leave for the primary caregiver of an adopted child. Two weeks of paid parental leave are provided for the co-parent of a newborn or adopted child or following placement of a foster care child. The bill will not impact expenditures for the Department of Education to implement these policies. The agency will promulgate regulations, guidance, and procedures with existing staff and resources.

State Revenue
N/A

Local Expenditure
This bill provides paid parental leave for school district employees as detailed above.
Paid parental leave must run concurrently with leave taken pursuant to FMLA and any other unpaid leave to which the eligible school district employee may be entitled as a result of the qualifying event. However, leave granted under this section is with pay and is not annual leave or sick leave and therefore does not deduct from the eligible school district employee's accrued leave balance. An eligible school district employee does not have to exhaust all other forms of leave before being eligible to take leave granted under this section. Eligible school district employees shall accrue annual and sick leave at the normal rate while on this leave, if applicable.

Requiring school districts to implement a similar leave policy will impact expenditures if the provision changes district policy or current behavior by employees taking more leave. Some districts responded that they already have a similar policy in place and do not expect an impact. Under FMLA, employees are allowed up to 12 weeks per year for specified family and medical reasons. The birth of a child, adoption, or foster care all qualify for FMLA leave. If an employee is currently taking 12 weeks of leave under FMLA, we would not expect an additional impact for salary or substitute teachers. If employees are taking fewer than 12 weeks, such as 6 or 8, and do not change this preference, then we would not expect an impact either. If, however, additional leave is taken due to this change, there would be an increase in cost.

The increase in cost would be the difference between the current number of weeks an employee is on leave compared to the new number of weeks employees are on leave under this provision. When an employee takes leave for a qualifying event, the school district will be required to hire a substitute in the case of a teacher. Local district budgets already include the cost of the employee's salary for the year, so there is no impact to continuing to pay the employee, only the additional cost of the substitute for teachers. However, districts are currently paying for substitutes while a teacher is on leave. The increase in cost would be the difference between the current number of weeks a teacher is on leave compared to the new number of weeks under this provision.

To determine the potential cost, Revenue and Fiscal Affairs asked the Department of Education to survey the school districts. We received responses from 51 districts to our initial request. Districts focused on teachers in their responses. These responses indicated a wide range of costs, as the impact depends on local policy decisions and assumptions.

In response to our initial request, most districts estimated the cost based on the full 6 weeks, which we believe would overstate the impact for any employees who already claim the full 12 weeks of leave. The responses varied widely, partially by size of district and partially by assumed costs and weeks. The daily rate for substitute teachers ranged from approximately $120 per day to $400. The total estimated by districts ranged from approximately $12,000 to a potential high of $3,360,360.

Given that accounting for the full 6 weeks may overstate the impact, we subsequently also asked for additional information about how many weeks most employees take on average, unpaid leave taken, and other issues. We received responses from 32 districts to these follow-up questions. From these responses, the average number of weeks taken is about 8 currently. On average, employees would only be eligible for an additional 4 weeks to reach the maximum 12 weeks of leave under FMLA. Therefore, using the full 6 weeks for all qualifying employees would potentially overstate the impact. With the wide variance in the cost of substitutes and differences in policies, the impact on districts, even assuming a consistent 4 weeks of additional leave, will vary widely, potentially ranging from $2,400 to $8,000 per 4-week occurrence.

Additionally, some districts also provided the estimated percentage of employees taking unpaid leave and the potential change to leave payouts due to teachers having additional weeks available before using banked or accrued leave in their follow-up responses. However, these responses varied as well. The range of employees taking unpaid leave currently varied from less than 10 percent to 100 percent taking at least some unpaid leave. Further, some districts would have an impact for payout of accrued leave due to the employee using less accrued leave, but other districts do not payout unused leave.

In summary, the impact on districts will vary widely depending on the district's current policies, substitute costs, and the number of employees impacted. Overall, there is no consistent impact across districts. Some districts will not have any additional cost, whereas other districts will experience an increase in their costs to a varying degree.

Local Revenue
N/A

Frank A. Rainwater, Executive Director