

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Bill/Resolution No.: HB 1509

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

see attached

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

see attached

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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Date Prepared: 01/22/2019

WORKFORCE SAFETY & INSURANCE
2019 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL NO: HB 1509

BILL DESCRIPTION: Mandatory Paid Family Medical Leave Program Administered by WSI

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, together with its consulting actuaries, The Burkhalter Group, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

Based on our understanding, the proposed legislation:

- Establishes a mandatory paid family medical leave program to be administered by WSI.
- Requires contributions from all employers with 50 or more employees and makes program optional for employers with less than 50 employees.
- Requires employee and employer to each contribute two cents for every ten dollars of wages earned (total contributions of four cents per \$10 earnings).
- Establishes family medical leave benefits of 66% of employee's wages, up to a maximum of \$4,000/month, for up to twelve calendar weeks per calendar year.
- Provides a transfer appropriation from the general fund to WSI of \$5,000,000 to administer the program. Requires funds to be paid back over a 20-year period.

FISCAL IMPACT:

The proposed legislation requires employee and employer to each contribute two cents for every ten dollars of wages earned (total contributions of four cents per \$10 earnings). Statewide earnings for employees of employers with 50 or more reportable employees totaled \$15.2 billion. At a rate of four cents per \$10 earnings, total contributions (employee and employer) would be in excess of \$60 million.

The proposed legislation requires contributions of two percent of earnings by each the employee and employer with no flexibility to adjust based on whether total contributions exceed or fall below the amount of total benefits issued. Given that this would be a new program, with no history or experience, we cannot quantify an appropriate level of contributions or estimate the amount of benefits that would be issued.

The proposed legislation provides a \$5 million transfer to administer the program but contains no specifics in regard to authorized FTEs. It is unclear in the number of FTEs that would be required to implement the new program. Thus, to the extent the proposal were to advance, continuing appropriation authority in regards to staffing the new program and other administrative costs may be required so the organization is able to staff appropriately while the program is under development and further maintain the program thereafter.

DATE: January 22, 2019