

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 23, 2017

TO: Honorable René Oliveira, Chair, House Committee on Business & Industry

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB718 by Wu (Relating to family care leave for certain employees; providing a civil penalty.), **As Introduced**

The fiscal implications of the bill related to paid family care leave are indeterminate, but costs associated with the bill could be significant. No significant fiscal implication to the State is anticipated from provisions of the bill related to the enforcement of the chapter. Revenue generated from civil penalties related to enforcement of the bill cannot be determined.

The fiscal impact would largely be related to increased costs associated with state employees who receive paid family care leave. Several state agencies were surveyed about the impact of this legislation and examples are discussed below. Minimum costs associated with the bill could range from \$24.0 million to \$25.0 million in General Revenue Funds through the biennium ending August 31, 2019.

The bill would amend the Labor Code relating to family care leave for certain employees; providing a civil penalty. The bill would require employers in the state to provide employees who have been employed for at least six months with eight weeks of family care leave due to the birth of the employee's child or placement of a child with the employee in connection with adoption or foster care. The bill would take effect on September 1, 2017; however, an employee would not be entitled to take leave under the provisions of the bill until January 1, 2018.

To the extent that certain state employees who would use leave without pay under the federal Family and Medical Leave Act of 1993 would now instead use eight weeks of paid leave, the bill would result in a cost to the state. The fiscal impact of the bill is indeterminate due to a lack of statewide data on the number of employees who would avail themselves of the family care leave in any given year, the duration of leave, and specific salary ranges.

According to The University of Texas System Administration, anticipating the number of employees who would take family care leave and the average compensation rate provides an estimated negative impact of approximately \$12.5 million from General Revenue Funds and \$14.5 million from Other Institutional Funds each fiscal year. Using a similar methodology of the number of employees who took leave in fiscal year 2016 and the average salary for the agency, the Department of Public Safety estimated approximately \$0.8 million from General Revenue Funds each fiscal year. The Office of the Attorney General (OAG) estimated approximately \$1.0 million from General Revenue Funds each fiscal year. The Health and Human Services Commission estimates costs related to information technology and administration to implement the provisions of the bill that cannot be estimated but may be significant.

The bill requires an employer to be liable for a civil penalty not to exceed \$100 for violating the requirement to post in conspicuous places a notice to employees regarding family care leave to be deposited to the general revenue fund. Based on information provided by the Comptroller of Public Accounts, the amount of violations that would result in civil penalties is unknown; therefore, the fiscal impact cannot be determined.

The bill also allows the attorney general to bring an action to collect a civil penalty. Based on the LBB's analysis of OAG, it is assumed the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill requires the Texas Workforce Commission (TWC) to adopt rules to implement the provisions of the bill and provide enforcement for any violations. Based on information provided by TWC, this analysis assumes the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

The fiscal implications of the bill on local government entities related to paid family care leave are indeterminate, but costs associated with the bill could be significant.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 303 Facilities Commission, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 323 Teacher Retirement System, 405 Department of Public Safety, 452 Department of Licensing and Regulation, 529 Health and Human Services Commission, 601 Department of Transportation, 696 Department of Criminal Justice, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 783 University of Houston System Administration, 802 Parks and Wildlife Department

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