

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1090 (First Edition)

SHORT TITLE: State Employee FMLA

SPONSOR(S): Senator Brad Miller

FISCAL IMPACT					
	Yes ()	No ()	No Estimate Available (X)		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
EXPENDITURES		See Below			
POSITIONS:					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	All State Agencies				
EFFECTIVE DATE:	When it becomes law.				

BILL SUMMARY: Senate Bill 1090 creates G.S. 126-8.4, entitled “Family and medical leave,” to provide for family and medical leave for all State employees, as identified under G.S. 126-5, including those employees generally deemed exempt from the State Personnel Act under subsections (c) through (c)(8). The proposed bill seeks to entitle eligible employees with a total of 12 workweeks of leave during any 12-month period under the following circumstances: (1) to care for a child before and after birth within 12 months of birth, (2) to care for a child placed with an employee for adoption within 12 months of placement, (3) to care for an employee’s child, spouse, or parent where that person has a serious health condition, or (4) because an employee has a serious health condition that makes the employee unable to perform the functions of the employee’s position.

The proposed bill qualifies employee eligibility for the proposed family and medical leave benefit to those employees who are in pay status for at least 12 months and are employed by the State for at least 1,040 hours of service during the previous 12-month period. The bill also expressly prohibits any discrimination or retaliation against any employee for exercising, or attempting to exercise, any right to family and medical leave provided by the proposed bill. The bill also modifies G.S. 126-34.1 to add a new ground for a contested case

hearing under the State Personnel Act for denial of an eligible employee's request for family and medical leave or discharging, demoting, transferring, or retaliating against an employee for exercising rights for leave under G.S. 126-8.4.

ASSUMPTIONS AND METHODOLOGY: The first edition of the bill as currently written is silent with respect to whether an employee's right to family and medical leave is to be unpaid leave or paid leave through either (1) the substitution of accumulated sick leave or annual leave, or (2) paid leave as a funded form of leave similar to sick leave or annual leave. Therefore, fiscal estimates with respect to the bill are presented under each scenario, unpaid leave or paid leave, in the following paragraphs.

If implementation of the bill is interpreted to be a paid leave benefit involving the continuation of an employee's salary through the use of sick leave, annual leave, or the direct funding of family and medical leave, there may be a fiscal impact to the State. The possible budgetary impact would occur in the form of an employing agency reallocating existing budgeted resources to fund temporary salaries or over-time wages for other personnel to cover duties of an absent employee utilizing family and medical leave. Such a reallocation could possibly result in the expenditure of budgeted resources that would have otherwise reverted at a fiscal year-end that are statutorily deposited to either the Savings Reserve account, the Repairs and Renovations account, or the year-end credit balance. Quantifying the estimated budgetary impact is not possible based on the lack of readily available family and medical leave utilization data under the State's current family and medical leave policy, and the varying ability of employing agencies to absorb the impact of extended employee absences within existing staffing levels.

If implementation of the bill is interpreted to be an unpaid leave benefit, the proposed bill would not be expected to cause any additional fiscal impact to the State. This assumes that any cost to an employing agency for temporary salaries to hire interim replacement employees, or increased over-time wages for other employees to perform additional duty time in the absence of an employee utilizing family and medical leave, will be offset by the savings in the unexpended salary of the employee utilizing family and medical leave.

TECHNICAL CONSIDERATIONS: The first edition of the bill as currently written is silent with respect to whether an employee's right to family and medical leave is to be unpaid leave or paid leave including the defining of what constitutes paid leave during a family and medical leave event.

FISCAL RESEARCH DIVISION 733-4910

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