Local Government Mandate Statement
Kentucky Legislative Research Commission
Session

Part I: Measure Information

Bill Request #: 1107

Bill #: HB 195

Document ID #: 1762

Bill Title: AN ACT relating to family care leave.

Sponsor: Representative Cherlynn Stevenson

Unit of Government: **X** City **X** County **X** Urban-County
X Charter County **X** Consolidated Local **X** Unified Local Government

Office(s) Impacted: All

Requirement: **X** Mandatory ___ Optional

Effect on
Powers & Duties: **X** Modifies Existing ___ Adds New ___ Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 195 would amend KRS 337.010 to define "family care leave", "family member", "health care provider", "same employer", and "serious health condition." **Section 2** of the bill would create a new section of KRS Chapter 337 to provide that an employee who has more than 12 months and at least 1,250 hours of service with their employer in the previous 12 months is entitled to 12 weeks unpaid "family care leave." Family care leave may be used for:

a. The birth of a child to the employee or to a family member and for whom the employee assumes and discharges parental responsibility; or
b. The care of a family member who has a serious health condition.

If the need for leave is foreseeable based on childbirth or the employee otherwise becoming responsible for a child, the employee shall provide the employer reasonable prior notice. Under some circumstances the employee may be required to provide the employer with certification from the health care provider of the family member who has a serious health condition.

Any paid leave that the employee elects to use for family care leave would count against the 12 work weeks of family care leave mandated by HB 195.

The fiscal impact of HB 195 on city and county governments would generally range from none to significantly negative, depending on the number of employees.

Cities with 50 or more employees must already provide similar leave pursuant to the federal Family and Medical Leave Act (FMLA). These cities, which the Kentucky League of Cities (KLC) numbers at approximately 44 based on data from FY 2022-23, also provide paid vacation and sick leave and (some) personal leave. These cities would see no fiscal impact from HB 195.

Cities with 20-40 employees would see a minimal to moderate negative fiscal impact from the bill. The negative impact would result from overtime paid to other employees to cover unmanned shifts, and the additional administrative, i.e. paperwork and recordkeeping, burden. For example, while leave forms are provided to employers under the FMLA, smaller city employers would need to generate their own certification process and necessary forms if they want their employees to certify the serious health problem of their family member.

Cities with 15-20 employees would incur additional overtime, or contracting, costs and administrative costs also.

The approximately 75 Kentucky cities with five or fewer employees would expect significant negative fiscal impact due to paying overtime or contracting for replacement services. Those cities are most likely to reduce city services without replacement workers.

Local governments that collect an occupational license tax may see an increase in tax collections since employees on family care leave would be receiving a paycheck rather than on leave without pay.

Local governments may need to draft, publish, hold public hearings on, and print new personnel ordinances and personnel handbooks. Some of these tasks could require the services of an attorney. According to KLC the median hourly rate paid city attorneys in FY 2023 was estimated at $107-$117/hour. In 2020 the cost for publishing newspaper notices required by law, such as a proposed ordinance, ranged from $$318/column inch in the Louisville Courier-Journal and $151/column inch in the Lexington Herald-Leader, to $5/column inch for the Scottsville Citizen-Times.

It is also possible that access to family care leave could have a positive fiscal impact on local government employers. In the area of maternity leave, a compilation of research demonstrates that paid maternity leave has a positive fiscal impact on employers. This research indicates that paid maternity leave increases the likelihood that workers will return to work after childbirth, improves employee morale, has no effect or a positive effect on workplace productivity, and reduces costs to employers due to better employee retention. It may also reduce government spending on public assistance and increase labor force participation, resulting in economic gains that generate a larger tax base and increased consumer spending. The same could hold true for employees who are able to take leave, including unpaid leave, to care for a newborn or a seriously ill family member and know they have a job to return to. This could result in greater employee retention, thereby saving employers costs of hiring and training new replacement employees.

Data Source(s): Kentucky League of Cities; LRC staff

Preparer: Mary Stephens (BW) **Reviewer:** KHC **Date:** 1/29/24