

SENATE BILL No. 186

DIGEST OF INTRODUCED BILL

Citations Affected: IC 22-2-21; IC 22-4.1-4-1.5.

Synopsis: Hoosier family leave insurance program. Establishes the Hoosier family leave insurance program (program) to provide wage replacement benefits to covered individuals during periods of qualified family leave. Establishes the Hoosier family leave insurance trust fund. Requires the department of workforce development to administer the program.

Effective: July 1, 2026.

Yoder

January 5, 2026, read first time and referred to Committee on Pensions and Labor.



Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

SENATE BILL No. 186

A BILL FOR AN ACT to amend the Indiana Code concerning labor and safety.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 22-2-21 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2026]:
4 **Chapter 21. Hoosier Family Leave Insurance Program**
5 **Sec. 1.** As used in this chapter, "average weekly wage" means
6 the average weekly wage of a covered individual over a base period
7 established by the department.
8 **Sec. 2.** As used in this chapter, "covered employer" means an
9 employer (as defined in IC 22-4-7) that is subject to the
10 unemployment compensation system under IC 22-4.
11 **Sec. 3.** As used in this chapter, "covered individual" means:
12 (1) an employee of a covered employer; and
13 (2) any self-employed individual who elects coverage under
14 section 12 of this chapter.
15 **Sec. 4.** As used in this chapter, "department" refers to the
16 department of workforce development established under
17 IC 22-4.1-2.



1 **Sec. 5.** As used in this chapter "fund" refers to the Hoosier
 2 family leave insurance trust fund established by section 10 of this
 3 chapter.

4 **Sec. 6.** As used in this chapter, "program" refers to the Hoosier
 5 family leave insurance program established by section 9 of this
 6 chapter.

7 **Sec. 7.** As used in this chapter, "qualified family leave" means
 8 leave taken by a covered individual for one (1) or more of the
 9 following reasons:

10 (1) The:

11 (A) birth of a child of the covered individual; and

12 (B) care of the child within twelve (12) months after birth.

13 (2) The:

14 (A) placement of a child with the covered individual for
 15 adoption or foster care; and

16 (B) care of the child within twelve (12) months after
 17 placement.

18 (3) To care for a child, spouse, or parent of the covered
 19 individual who has a serious health condition.

20 (4) The covered individual's own serious health condition, to
 21 the extent that the condition is not otherwise covered by an
 22 employer sponsored short term disability plan.

23 (5) Any other purpose designated by the department by rule
 24 that is consistent with the federal Family and Medical Leave
 25 Act of 1993 (29 U.S.C. 2601 et seq.).

26 **Sec. 8.** As used in this chapter, "state average weekly wage"
 27 means the state average weekly wage as determined annually by
 28 the department.

29 **Sec. 9.** The Hoosier family leave insurance program is
 30 established to provide wage replacement benefits to covered
 31 individuals during periods of qualified family leave.

32 **Sec. 10. (a)** The Hoosier family leave insurance trust fund is
 33 established for the purpose of:

34 (1) depositing contributions from covered individuals; and

35 (2) paying benefits and administrative costs for the program.

36 (b) The fund shall be administered by the department.

37 (c) The fund consists of the following:

38 (1) Contributions from covered individuals made under
 39 section 11(a) of this chapter.

40 (2) Voluntary contributions from covered employers made
 41 under section 11(b) of this chapter.

42 (3) All interest and earnings on investments of the funds.



(d) The expenses of administering the fund shall be paid from money in the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 11. (a) Each covered employer shall, in the manner prescribed by the department:

(1) withhold from the wages of each covered individual an amount equal to the contribution rate established under subsection (c) or (d); and

(2) remit those amounts to the fund.

(b) A covered employer may elect to contribute additional amounts to the fund on behalf of covered individuals as an employer provided benefit.

(c) The initial contribution rate for a covered individual is five-tenths percent (0.5%) of the lesser of:

(1) the covered individual's wages; or

(2) the Social Security wage base or another wage cap as designated by the department.

(d) After obtaining an independent actuarial analysis, the department may adjust the contribution rate not more than once per year to ensure the actuarial soundness of the fund. The contribution rate may be adjusted to an amount that is:

(1) at least four-tenths percent (0.4%); and

(2) not more than six-tenths percent (0.6%);

of the lesser of a wage described in subsection (c)(1) or (c)(2).

(e) The department shall provide public notice of any adjustment made under subsection (d).

Sec. 12. (a) A self-employed individual may elect to participate in the program for an initial period of not less than three (3) years.

(b) If a self-employed individual elects to participate in the program, the individual shall remit contributions to the fund at an amount equal to the contribution rate established under section 11 of this chapter.

Sec. 13. (a) A covered individual is eligible to receive benefits under this chapter if the individual:

(1) has satisfied minimum earnings or contribution requirements established by the department; and

(2) is:



1 (A) taking qualified family leave; and

2 (B) not receiving full wage replacement from the covered
3 employer.

4 (b) A covered individual may receive not more than twelve (12)
5 weeks of family leave insurance benefits in a benefit year for leave
6 that is taken not more than twelve (12) months after the qualifying
7 event.

8 (c) Weekly benefits under the program must be calculated as
9 sixty percent (60%) of a covered individual's average weekly wage,
10 subject to a maximum weekly benefit amount equal to a percentage
11 that is:

12 (1) at least fifty percent (50%); and

13 (2) not more than sixty percent (60%);

14 of the state average weekly wage as specified annually by the
15 department to maintain fund solvency.

16 (d) The department may adopt graduated or tiered benefit
17 formulas within the limits of subsection (c) to ensure that lower
18 wage workers receive proportionally greater wage replacement
19 while maintaining the solvency of the fund.

20 (e) Benefits under this chapter are in addition to any rights or
21 protections available under the federal Family and Medical Leave
22 Act of 1993 (29 U.S.C. 2601 et seq.) and any employer provider
23 paid leave. However, a covered employer may coordinate or offset
24 benefits as provided in the covered employer's written policy and
25 in rules adopted by the department.

26 Sec. 14. (a) This chapter does not create new job protection
27 requirements for covered employers beyond those otherwise
28 required by federal or state law.

29 (b) A covered employer may:

30 (1) voluntarily provide job protection or continuation of
31 benefits for covered individuals who receive benefits under
32 this chapter; and

33 (2) describe the job protection or continuation of benefits
34 provided under subdivision (1) in an employee handbook or
35 written leave policy.

36 Sec. 15. (a) The department shall administer this chapter using,
37 to the greatest extent practicable, existing personnel, systems, and
38 infrastructure used for the unemployment compensation system or
39 other wage reporting programs.

40 (b) The department may contract with a third party
41 administrator or licensed insurer to perform some or all of the
42 administrative functions of the program if the costs to contract



1 with the third party administrator or licensed insurer are paid
2 exclusively from the fund.

3 (c) The department shall adopt rules under IC 4-22-2 necessary
4 to implement this chapter.

5 (d) Any rules adopted to implement this chapter may not impose
6 unfunded mandates on covered employers beyond the obligation to
7 withhold and remit employee contributions as required by section
8 11(a) of this chapter.

9 Sec. 16. (a) The department may not commence payment of
10 benefits under this chapter until the department determines, based
11 on an independent actuarial analysis, that projected contributions
12 will be sufficient to pay projected benefits and administrative
13 expenses of the program.

14 (b) Nothing in this chapter shall be construed to create a vested
15 right to benefits that exceed the balance available in the fund.

16 SECTION 2. IC 22-4.1-4-1.5, AS AMENDED BY P.L.213-2025,
17 SECTION 276, IS AMENDED TO READ AS FOLLOWS
18 [EFFECTIVE JULY 1, 2026]: Sec. 1.5. (a) The department shall do the
19 following:

20 (1) Administer the Wagner-Peyser program, the WIOA, a free
21 public labor exchange, and related federal and state employment
22 and training programs as directed by the governor.

23 (2) Formulate and implement an employment and training plan as
24 required by the WIOA, and the Wagner-Peyser Act (29 U.S.C. 49
25 et seq.).

26 (3) Coordinate activities with all state agencies and departments
27 that either provide employment and training related services or
28 operate appropriate resources or facilities, to maximize Indiana's
29 efforts to provide employment opportunities for economically
30 disadvantaged individuals, dislocated workers, and others with
31 substantial barriers to employment.

32 (4) Apply for, receive, disburse, allocate, and account for all
33 funds, grants, gifts, and contributions of money, property, labor,
34 and other things of value from public and private sources,
35 including grants from agencies and instrumentalities of the state
36 and the federal government.

37 (5) Enter into agreements with the United States government that
38 may be required as a condition of obtaining federal funds related
39 to activities of the department.

40 (6) Enter into contracts or agreements and cooperate with local
41 governmental units or corporations, including profit or nonprofit
42 corporations, or combinations of units and corporations to carry



1 out the duties of the department imposed by this chapter,
 2 including contracts for the establishment and administration of
 3 employment and training offices and the delegation of the
 4 department's administrative, monitoring, and program
 5 responsibilities and duties set forth in this article.

6 (7) Perform other services and activities that are specified in
 7 contracts for payments or reimbursement of the costs made with
 8 the Secretary of Labor, any federal, state, or local public agency
 9 or administrative entity, or a private for-profit or nonprofit
 10 organization under the WIOA.

11 (8) Enter into contracts or agreements and cooperate with entities
 12 that provide career and technical education to carry out the duties
 13 imposed by this article.

14 (9) Serve as the state advisory body required under the federal
 15 Workforce Innovation and Opportunity Act of 2014 under 29
 16 U.S.C. 3101 et seq., including reauthorizations of WIOA.

17 (b) The department shall distribute federal funds made available for
 18 employment training in accordance with:

19 (1) the WIOA, and other applicable federal laws; and

20 (2) the plan prepared under subsection (c)(1).

21 (c) In addition to the duties prescribed in subsections (a) and (b), the
 22 department shall do the following:

23 (1) Implement the postsecondary career and technical education
 24 programming plan prepared under IC 22-4.1-19-4 (before its
 25 repeal).

26 (2) Upon request of the budget director, prepare a legislative
 27 budget request for state and federal funds for employment
 28 training. The budget director shall determine the period to be
 29 covered by the budget request.

30 (3) Make or cause to be made studies of the needs for various
 31 types of programs that are related to employment training and
 32 authorized under the WIOA.

33 (4) Distribute state funds made available for employment training
 34 that have been appropriated by the general assembly in
 35 accordance with the general assembly appropriation.

36 (5) Collect from each employer subject to IC 22-4 the following
 37 information in the form and manner prescribed by the department:

38 (A) The Standard Occupational Classification code applicable
 39 to each employee as prescribed by the Bureau of Labor
 40 Statistics of the United States Department of Labor or primary
 41 job title as recorded and reported by the employer.

42 (B) Whether each employee is:



- 1 (i) classified by the employer as full-time, part-time, intern,
2 or apprentice; or
- 3 (ii) designated as a seasonal worker pursuant to a decision
4 issued by the department.
- 5 (C) The hourly rate of pay for each employee.
- 6 (6) Enter into data sharing agreements and transmit the data
7 collected under subdivision (5), in addition to any other relevant
8 data, to agencies deemed appropriate by the department for:
9 (A) assessing outcomes of education and workforce programs;
10 (B) evaluating educational and workforce training
11 investments;
12 (C) informing labor market analysis; and
13 (D) conducting economic research.
- 14 (7) Minimize employer reporting burdens, where feasible,
15 through:
16 (A) aligning and streamlining definitions and requirements for
17 quarterly wage and employment reports;
18 (B) deploying user friendly application programming
19 interfaces; and
20 (C) other means to simplify reporting processes.
- 21 (8) Establish an employer outreach and communications
22 campaign in collaboration with statewide business and industry
23 associations to increase the number of employers that report
24 accurate data under subdivision (5).
- 25 **(9) Administer the Hoosier family leave insurance program**
26 **under IC 22-2-21.**

