

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6661
BILL NUMBER: SB 186

NOTE PREPARED: Dec 21, 2025
BILL AMENDED:

SUBJECT: Hoosier Family Leave Insurance Program.

FIRST AUTHOR: Sen. Yoder
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill establishes the Hoosier Family Leave Insurance Program to provide wage replacement benefits to covered individuals during periods of qualified family leave. It establishes the Hoosier Family Leave Insurance Trust Fund. The bill also requires the Department of Workforce Development (DWD) to administer the program.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *DWD:* The bill's requirement to establish and administer the Hoosier Family Leave Insurance Program represents significant additional workload and expenditures on DWD outside of the agency's routine administrative functions, both during the start-up phase and going forward.

The program would be funded by contributions from covered individuals, voluntary employer contributions, and interest earned by the Hoosier Family Leave Insurance Trust Fund. The bill states that the cost of administering the program would come from the fund. Additional funding for the program would likely be needed to fund start-up costs. The bill directs the DWD to use existing personnel, systems, and infrastructure used for the unemployment compensation system or other wage reporting programs to the greatest extent practicable. Any additional funds and resources required to start up the program could be supplied through existing staff and resources currently used in another program or with new appropriations.

The bill allows DWD to contract with a third party administrator or a licensed insurer to perform some or all of the administrative functions. The bill also requires DWD to use an independent actuary to set the contribution rate and annually evaluate the actuarial soundness of the fund.

Hoosier Family Leave Insurance Trust Fund: Expenditures for the Hoosier Family Leave Insurance Program could not begin until DWD determines, based on an actuarial analysis, that projected contributions would be sufficient to pay projected benefits and administrative expenses. Benefit payments could not exceed the balance available in the fund.

Weekly benefits would vary depending on employee wages up to a maximum payment equal to the average

state weekly wage for up to 12 weeks per year. Weekly benefits would equal 60% of a covered individual's weekly wage up to a maximum. The maximum will be set by DWD between 50% and 60% of the state average weekly wage at a level in order to maintain fund solvency. DWD could also adopt a tiered benefit formula to ensure that lower wage workers receive a proportionally greater wage replacement.

All Agencies as Employers: State agencies would have additional workload to withhold and remit employee contributions from their wages to the program. If state agencies elect to make voluntary contributions to the program on behalf of covered individuals, state expenditures would increase. [This bill has the potential to impact all agencies as employers, thus impacting all funds that provide operating funds to agency staff.]

Additional Information - The state of Colorado has a paid family and medical leave program which became law in 2020. Employers began payroll contributions for the program in January 2023, and employees can take the paid leave as of January 2024. Administrative expenses for the program totaled \$2.9 M in FY 2022, \$23.3 M in FY 2023, \$62.7 M in FY 2024, and \$84.7 M in FY 2025.

The Hoosier Family Leave Insurance Program would provide paid leave for up to 12 weeks annually for the following reasons:

- Birth of a child and care of the child within 12 months after birth.
- Placement of a child for adoption or foster care and care of the child within 12 months after placement.
- To care for a child, spouse, or parent with a serious health condition.
- The covered individual's own serious health condition if not otherwise covered by an employer sponsored short term disability plan.
- Any other purpose designated by the DWD as consistent with the federal Family and Medical Leave Act (FMLA).

Based on research on FMLA usage prepared for the U.S. Department of Labor, 15% of U.S. employees reported taking leave for a qualifying FMLA reason during 2018. The average FMLA leave for that year was 28 days.

Explanation of State Revenues: *Hoosier Family Leave Insurance Trust Fund:* The trust fund would receive revenue from contributions from covered individuals, voluntary employer contributions, and interest and earnings on investments in the Hoosier Family Leave Insurance Trust Fund.

The initial contribution rate would be 0.5% of the lesser of covered individual's wages or 0.5% of the Social Security wage base or another wage cap set by the DWD. Total payroll for employers whose workers are covered by unemployment insurance in Indiana during FY 2024 was \$191 B. If the 0.5% contribution amount was applied to all total payroll covered by unemployment insurance, the program could generate annual revenue of \$9.6 B.

After obtaining an independent actuarial analysis, the contribution rate for the program could be adjusted to between 0.4% and 0.6% of the wage base set by DWD.

Explanation of Local Expenditures: To the extent local units of government as employers make voluntary contributions to the programs on behalf of their employees, local expenditures could increase by an indeterminable amount. Local units would also be required to withhold and remit employee contributions from employees' wages.

Explanation of Local Revenues:

State Agencies Affected: Department Workforce Development, all agencies as employers.

Local Agencies Affected: All units as employers.

Information Sources: Abt Associates. (2020, July). Employee and Worksite Perspectives of the Family and Medical Leave Act: Executive Summary for Results from the 2018 Surveys. https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WHF_FMLA2018SurveyResults_ExecutiveSummary_Aug2020.pdf; Colorado Information Marketplace. Transparency Online Project - State Government Revenue and Expenditures in Colorado, <https://data.colorado.gov/stories/s/fjyf-bdat>; Colorado Family and Medical Leave Insurance Program (FAMLI). <https://famli.colorado.gov/>; U.S. Department of Labor Employment and Training Administration. Data Downloads. ETA 204 - Experience Rating Report. <https://oui.doleta.gov/unemploy/DataDownloads.asp>

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