

Department of Planning and Budget

2015 Fiscal Impact Statement

1. Bill Number: SB1135-S1

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|-----------------|---------------------------------------|-------------------------------------|---|
| House of Origin | <input type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input checked="" type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron: Garrett

3. Committee: Finance

4. Title: Adoption leave benefit.

5. Summary: The substitute for Senate Bill 1135 creates a new classification of paid leave for full-time state employees with one or more years of continuous employment with the Commonwealth who adopt an infant under the age of one. Employees would be eligible to receive six weeks of adoptive leave, comparable to the amount of leave awarded for maternity leave under the Sickness and Disability Program. Upon the expiration of a seven-day waiting period, which shall commence on the day that the employee takes custody of the infant, adoption leave coverage shall provide income replacement for a percentage of an eligible employee's creditable compensation for the remainder of the six-week period. The legislation also requires for only one employee to be eligible for adoption leave pursuant to § 2.2-1209, Code of Virginia, should two state employees become eligible for adoption leave for the same infant. The Department of Human Resource Management is directed to develop guidelines and policies for implementing the adoption leave benefit. The provisions of this act shall not become effective unless an appropriation effectuating the purposes of this act is included in a general appropriation act passed in 2015 by the General Assembly that becomes law.

6. Budget Amendment Necessary: Indeterminate - see Item 8.

7. Fiscal Impact Estimates: Preliminary – see Item 8.

8. Fiscal Implications: Due to Section 125 of the Internal Revenue Service regulations and Health Insurance Portability and Accountability Act special enrollment rules for parity in health benefits for birth, adoption, and placement for adoption, health insurance enrollment data must be combined into one category for births and adoptions. Based on the data provided by the Department of Human Resource Management (DHRM), 1,599 health insurance enrollments for birth/adoption in calendar year 2014 were for dependents under the age of one.

Because DHRM cannot track adoptions separately from births, the fiscal impact for Senate Bill 1135 is based on the assumption that 10 percent of the 1,599 health insurance enrollments for dependents under the age of one were for adoptions. Based on this assumption, 160 state employees would be eligible for adoption leave benefits. The estimated costs assuming 160 state employees would be eligible for adoption leave benefits

were projected based on the lowest possible eligibility for benefits (200 hours at 60 percent pay) and the highest possible eligibility for benefits (200 hours at 100 percent pay), using the average state salary hourly rate. The estimated costs would range from \$426,624 for the lowest possible eligibility for benefits and \$711,040 for the highest possible eligibility for benefits.

As previously mentioned, DHRM cannot track adoptions separately from births; therefore, it is possible that more than 10 percent of the 1,599 health insurance enrollments for dependents under the age of one were for adoptions and the number of state employees eligible for adoption leave benefits would increase along with the costs for adoption leave benefits.

9. Specific Agency or Political Subdivisions Affected: All state agencies.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

c: Secretary of Administration