SENATE FLOOR VERSION
March 4, 2025
AS AMENDED

SENATE BILL NO. 254 By: Dossett

[paid family and medical leave - third-party actuary - report - collaboration - timeline for implementation - actuary study - promulgation of rules - codification - effective date]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 950 of Title 40, unless there is created a duplication in numbering, reads as follows:

A. By January 1, 2027, the Department of Labor shall contract for the services of a qualified third-party actuary to perform an actuarial study for a paid family and medical leave insurance program in this state including, but not limited to, the startup costs of the program, costs for the state to administer the program, outreach and education costs, the premium contributions necessary to maintain the solvency of the program for a period of five (5) to ten (10) years, potential trends in claim experience over time, and total annual revenues, expenditures, and reserves. The actuarial study shall be completed and shared with the public no later than thirty (30) days after the completion of the study. Through utilization of relevant data including, but not limited to, other state paid family and medical leave insurance programs, short-term disability claims, family and medical leave data from the federal government, and a review of the experience, structure, and policy design of other state paid family and medical leave programs, the actuarial study shall consider the following program parameters as they relate to the premiums necessary to maintain solvency:

1. The purposes for which paid family and medical leave can be used including, but not limited to, bonding with a new child, caring for a family member with a serious health condition, recovering from a serious health condition, addressing medical and nonmedical needs arising from domestic violence and sexual assault, and addressing military family and caregiving needs related to a family member’s deployment;

2. Coverage of all public, private, and nonprofit sector employees in this state within the scope of the paid family and medical leave insurance program’s rights and protections including, but not limited to, a breakdown of requirement coverage of employees of this state and employees of public subdivisions within this state;

3. Coverage of self-employed workers, at the option of the worker, within the scope of the paid family and medical leave insurance program’s rights and protections;

4. The eligibility standard for workers to qualify for paid family and medical leave benefits including, but not limited to, earnings requirements, minimum hours worked, other such earnings, and work history metrics;

5. Utilization of an inclusive family definition to afford workers the right to take paid family and medical leave to care for immediate members of the family, regardless of legal or biological relation;

6. Use of a social insurance model for the paid family and medical leave insurance program wherein workers and employers share the premium costs of the program including, but not limited to:

a. exempt the smallest employers from contributing to the program while still including their employees within the scope of the program,

b. exempt self-employed workers who opt into the program from contributing the employer portion of premium costs to the program, and

c. limit premium contributions to wages not exceeding the contribution and benefit base limit established annually by the federal Social Security Administration for purposes of the federal Old-Age, Survivors, and Disability Insurance program limits pursuant to 42 U.S.C., Section 430;

7. Utilization of a graduated wage replacement rate that ensures that low-wage workers receive a higher wage replacement level and can afford to take paid family and medical leave, as compared to a flat rate of wage replacement;

8. Inclusion of an equitable maximum weekly benefit rate that adjusts annually based on the statewide average weekly wage and ensures that workers can afford to take paid family and medical leave;

9. A maximum leave duration, not below twelve (12) weeks of leave per year;

10. Inclusion of an unpaid waiting period during which workers do not receive paid family and medical leave wage replacement benefits not to exceed the first seven (7) calendar days of one's leave, as compared to the lack of any such waiting period;

11. A right to reinstatement for all employees upon returning from a period of paid family and medical leave, and its effect on program usage; and

12. Based on information provided by this state and in partnership with this state, the estimated administrative costs to the state for implementing and administering the paid family and medical leave insurance program including, but not limited to, costs associated with outreach, education, enforcement, and data collection.

B. As used in this section, "qualified third-party actuary" means an actuary who is not employed by this state and who meets the qualification standards for the American Academy of Actuaries for the scope of the actuary requested in this section.

C. The qualified third-party actuary shall model and compare the costs including, but not limited to, the premium rates necessary to achieve solvency, of at least two different paid family and medical leave insurance program models based on the policy parameters provided in subsection A of this section. Beyond the initial startup years in which benefits are paid out, the reserves accounted for pursuant to subsection A of this section shall be approximately one hundred thirty-five percent (135%) of the benefits paid during the previous fiscal year plus an amount equal to one hundred percent (100%) of the cost of administration of the payment of those benefits during the previous fiscal year, less the amount of net assets remaining with the paid family and medical leave insurance programs at the end of the previous fiscal year.

D. The qualified third-party actuary shall utilize data that is relevant to this state, such as workforce and demographic data about the population of this state, as may be required to perform an actuarial study pursuant to subsection A of this section.

E. The Department, in conjunction with the qualified third-party actuary and a public stakeholder working group, shall identify the program parameters for the qualified third-party actuary to use for each program that is modeled, with the model components based on the paid family and medical insurance programs adopted in other states.

F. The qualified third-party actuary shall assess a timeline that benefits the fiscal condition and preferred funding of a paid family and medical insurance program for the state.

G. The actuarial study as detailed in this section shall be completed in accordance with the relevant Actuarial Standards of Practice promulgated by the Actuarial Standards Board.

H. The Department shall promulgate any rules necessary to implement and administer the provisions of this section.

SECTION 2. This act shall become effective November 1, 2025.

COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT, WORKFORCE AND TOURISM
March 4, 2025 - DO PASS AS AMENDED