



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 3560	Introduced on January 12, 2021
Author:	Bernstein	
Subject:	Family Leave	
Requestor:	House Ways and Means	
RFA Analyst(s):	Coomer	
Impact Date:	March 16, 2021	

Fiscal Impact Summary

This bill provides any person employed by the State, its departments, agencies, or institutions with twelve weeks of leave for the birth of a child or the placement of a child with the employee for adoption. State agencies may face increased expenditures associated with managing the workload from employees taking an additional twelve weeks of leave. As such, agencies may experience an increase in General Fund, Federal Funds, or Other Funds expenditures if it is necessary to hire temporary employees or offer current employees a temporary salary increase to manage the workload resulting from an increase in available leave under the bill. However, as this will vary widely by agency and job description, the potential impact of this bill is undetermined.

Under this legislation, employees would not be required to use accrued sick and annual leave and instead would use paid parental leave for qualifying events. As such, agencies may experience an increase in expenses resulting from employees accruing additional leave if an employee separates from covered employment. Based upon data from the Department of Administration, in 2020, 720 state employees took leave for the birth or placement of a child. Assuming an average state employee salary of \$44,301 and a maximum of 45 days of accrued annual leave for 720 state employees per year, this bill may increase state expenditures by up to \$5,521,000 annually beginning in FY 2021-22. However, this impact will vary depending on the number of employees that use parental leave, the average salary of those who take parental leave, whether those employees are paid for the maximum amount of annual leave upon separation from state employment, and if they separate from state employment.

Explanation of Fiscal Impact

Introduced on January 12, 2021

State Expenditure

This bill provides any person employed full-time by the State, its departments, agencies, or institutions with twelve weeks of leave for the birth of a child or the placement of a child with the employee for adoption. This leave must be taken within twelve months of birth or placement, is with pay, and is not annual leave or sick leave. Additionally, the bill stipulates that an employee can receive no more than twelve work weeks of paid family leave during any twelve-month period, even if more than one qualifying even occurs during that period. Furthermore, the

bill specifies that family leave must be used consecutively, that family leave cannot be donated, and that both parents will receive paid family leave if both parents are eligible employees.

The federal Family and Medical Leave Act (FMLA) requires employers to allow employees twelve weeks of unpaid maternity or paternity leave for up to one year after the birth or placement of a child. Currently, this unpaid leave may be taken concurrently with any accrued sick and annual leave by state employees. Under this legislation, employees would not be required to use accrued sick and annual leave and instead would use paid parental leave for qualifying events concurrently with leave taken pursuant to the FMLA. This would allow employees to retain twelve weeks of accrued leave they may have otherwise used.

As such, agencies may experience an increase in General Fund, Federal Funds, or Other Funds expenditures if it is necessary to hire temporary employees or offer current employees a temporary salary increase to manage the workload resulting from an increase in available leave under the bill. However, as this will vary widely by agency and job description, the potential impact of this bill is undetermined.

Additionally, agencies may experience an increase in expenses resulting from employees accruing additional leave if an employee separates from covered employment. State agencies expend appropriated funds for employee salaries when an employee is at work or on paid leave. However, when an employee separates from state employment, they forfeit accrued sick leave but are paid up to 45 days of unused annual leave. Under this bill, employees may retain annual leave that would have otherwise been used for parental leave. Since employee salaries are currently a part of agency expenditures, the impact resulting from the change in available leave would only be experienced when an employee separates from state employment and the agency must pay out accrued leave. Based upon data from the Department of Administration, in 2020, 720 state employees took leave for the birth or placement of a child. Assuming an average state employee salary of \$44,301 and a maximum of 45 days of accrued annual leave for 720 state employees per year, this bill may increase state expenditures by up to \$5,521,000 annually beginning in FY 2021-22. However, this impact will vary depending on the number of employees that use parental leave, the average salary of those who take parental leave, whether those employees are paid for the maximum amount of annual leave upon separation from state employment, and if they separate from state employment.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



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