SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3560	Amended by Senate Finance Sales and Income Tax Subcommittee on March 22, 2022
Author:	Bernstein	
Subject:	Family Leave	
Requestor:	Senate Finance	
RFA Analyst(s):	Coomer	
Impact Date:	April 1, 2022	

Fiscal Impact Summary

This bill as amended provides any person employed by the State, its departments, agencies, or institutions with six weeks of paid parental leave for the birth of a child. Two weeks of paid parental leave are provided for the co-parent of a newborn or for the placement of a child with the employee for adoption or foster care.

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 as amended.

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.

The expenditure impact of this amended bill is pending, contingent upon a response from the Department of Administration (Admin), but is likely to be less than in the introduced version of the bill.

Explanation of Fiscal Impact

Amended by Senate Finance Sales and Income Tax Subcommittee on March 22, 2022
State Expenditure
This bill as amended provides any person employed by the State, its departments, agencies, or institutions with six weeks of paid parental leave if the employee gives birth. Two weeks of paid parental leave are provided for the co-parent of a newborn or for the placement of a child with the employee for adoption or foster care. This leave must be taken within twelve months of a qualifying event, is with pay, and cannot be qualified for more than once in any twelve-month period. Furthermore, the leave does not accumulate, cannot be donated, and must be taken consecutively.

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. 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 FMLA. This would allow employees to retain six or two weeks of accrued leave they may have otherwise used. Further, state agencies may face increased expenditures associated with managing the workload from employees taking additional 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 as amended.

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 forty-five 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.

The expenditure impact of this amended bill is pending, contingent upon a response from Admin, but is likely to be less than in the introduced version of the bill.

State Revenue
N/A

Local Expenditure
N/A

Local Revenue
N/A

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

Frank A. Rainwater

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