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:	S. 0011 Introduced on January 14, 2025
Subject:	Paid Family Leave Eligible State Employee
Requestor:	Senate Finance
RFA Analyst(s):	Tipton
Impact Date:	March 11, 2025

Fiscal Impact Summary

This bill changes the definition of eligible state employee in §8-11-150 for the purposes of paid parental leave. The bill specifies that any person employed full-time by the state is eligible for paid parental leave of six or two weeks for the birth or placement of a foster child, including those employed by a four-year or postgraduate state institution of higher learning or state technical college. Currently, eligible employee is defined as an employee occupying any percentage of a full-time equivalent position. The Division of State Human Resources (DSHR) within the Department of Administration (Admin) reports that this change will extend paid family leave for the birth or placement of a child to employees in time-limited and temporary grant positions.

State agencies and institutions may face additional personnel needs associated with managing the workload of employees newly eligible for paid family leave under this bill. Agencies may experience an increase in expenditures if it is necessary to hire temporary employees or offer current employees a temporary salary increase to manage the workload. Further, employees eligible for parental leave would not be required to use accrued sick and annual leave for qualifying events. As such, agencies and institutions may experience an increase in expenses resulting from payouts for employees accruing additional leave if an employee separates from covered employment. However, as this will vary by agency and institution, the impact of this bill is undetermined.

This bill is not expected to have an expenditure impact on DSHR, as the management of the revised definition of eligible state employee is expected to take place under normal agency operations.

Explanation of Fiscal Impact

Introduced on January 14, 2025
State Expenditure
This bill changes the definition of eligible state employee in §8-11-150 for the purposes of paid parental leave. The bill specifies that any person employed full-time by the state is eligible for paid parental leave of six or two weeks for the birth or placement of a foster child, including those employed by a four-year or postgraduate state institution of higher learning or state technical college. Currently, eligible employee is defined as an employee occupying any

percentage of a full-time equivalent position. DSHR states that this change will extend paid family leave for the birth or placement of a child to employees in time-limited and temporary grant positions.

DSHR reports that 958 state employees utilized paid parental leave in 2024 for the birth or placement of a child. State agencies expend appropriated funds for employee salaries when an employee is at work or on paid leave. Under the bill's revised definition, newly eligible employees would not be required to use accrued sick and annual leave or unpaid leave available under the federal Family and Medical Leave Act (FMLA) and instead would use paid parental leave for qualifying events. This change would allow those employees to retain an additional six or two weeks of accrued leave they may have otherwise used. Agencies and institutions may face additional personnel needs associated with managing the workload of employees taking paid parental leave under the new definition. As such, agencies and institutions may experience an increase in expenditures if it is necessary to hire temporary employees or offer current employees a temporary salary increase to manage the workload resulting from newly eligible employees using paid parental leave under the bill.

When an employee separates from state employment, they forfeit accrued sick leave but are paid up to 45 days of unused annual leave. Newly eligible employees would be able to retain annual leave that may have otherwise been used. As such, agencies may experience an increase in expenses resulting from leave payouts to employees accruing additional leave if an employee separates from covered employment. DSHR reports that in FY 2023-24, of the 958 employees who used paid parental leave, 112 separated from employment immediately thereafter, 94 of which were owed annual leave payout in the total amount of $139,457. Of the 94 employees, 2 had accrued the maximum annual leave carryforward amount of 45 days.

The total impact of this bill will vary depending on the number of newly eligible employees that use parental leave, the ability for the agency or institution to manage the workload while employees are using the parental leave, and any additional leave payout that is required due to the changes. As this will vary widely by agency and institution, the impact of this bill is undetermined.

This bill is not expected to have an expenditure impact on DSHR to implement the changes, as the management of the revised definition of eligible state employee is expected to take place under normal agency operations.

State Revenue
N/A

Local Expenditure
N/A

Local Revenue
N/A

Frank A. Rainwater, Executive Director