



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. 3645	Amended by House Ways and Means General Government Legislative Subcommittee on March 25, 2025
Subject:	Paid Family Leave	
Requestor:	House Ways and Means	
RFA Analyst(s):	Tipton	
Impact Date:	April 2, 2025	

Fiscal Impact Summary

This bill expands paid parental leave for eligible state employees from six weeks to twelve weeks for the birth of a child and from two weeks to four weeks for a co-parent after the birth of a child or for fostering a child from state custody pursuant to §8-11-150. An employee's paid paternal leave is based on an employee's average workday. The bill specifies that any state employee who occupies a position eligible to earn annual leave, including those employed by a four-year or postgraduate state institution of higher learning or state technical college, is eligible for paid parental leave. Currently, eligible employee is defined as an employee occupying any percentage of a full-time equivalent position. This bill also increases the paid leave for the adoption of a child from six weeks to twelve weeks for the primary caregiver and from two weeks to four weeks for a parent who is not the primary caregiver pursuant to §8-11-155. An employer may require an employee to use paid paternal leave before using annual leave if the employee's leave is taken pursuant to the Family and Medical Leave Act (FMLA). This bill takes effect on October 1, 2025.

State agencies and institutions may face additional personnel needs associated with managing the workload from employees taking twelve or four weeks of leave and as such, 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, under the bill, employees would not be required to use accrued sick and annual leave for these additional weeks and instead may use the additional 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. 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 change is expected to take place under normal agency operations.

Explanation of Fiscal Impact

Amended by House Ways and Means General Government Legislative Subcommittee on March 25, 2025

State Expenditure

This bill expands paid parental leave for eligible state employees from six weeks to twelve weeks for the birth of a child and from two weeks to four weeks for a co-parent after the birth of a child or for fostering a child from state custody pursuant to §8-11-150. An employee's paid paternal leave is based on an employee's average workday. The bill specifies that any state employee who occupies a position eligible to earn annual leave, including those employed by a four-year or postgraduate state institution of higher learning or state technical college, is eligible for paid parental leave. Currently, eligible employee is defined as an employee occupying any percentage of a full-time equivalent position. This bill also increases the paid leave for the adoption of a child from six weeks to twelve weeks for the primary caregiver and from two weeks to four weeks for a parent who is not the primary caregiver pursuant to §8-11-155. An employer may require an employee to use paid paternal leave before using annual leave if the employee's leave is taken pursuant to FMLA. This bill takes effect on October 1, 2025.

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 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

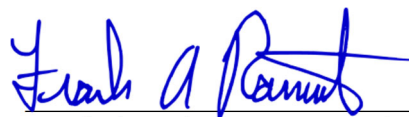
N/A

Local Expenditure

N/A

Local Revenue

N/A



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