151st GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**SENATE BILL NO. 1**
SPONSOR:	**Senator S. McBride**
DESCRIPTION:	**AN ACT TO AMEND TITLE 19 OF THE DELAWARE CODE RELATING TO THE FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM.**

Assumptions:

1. Upon signature by the Governor, this Act takes effect July 1, 2022.

2. This Act establishes the Delaware Comprehensive Paid Family and Medical Leave Insurance Program, which would cover all private sector workers, regardless of employer size, and allow self-employed workers to voluntarily opt in to take up to 12 weeks of paid leave for each of the following purposes:
    a. To address a worker's own serious health condition.
    b. To care for a family member with a serious health condition.
    c. To bond with a new child.
    d. To secure safety from domestic or intimate partner violence.
    e. To address the impact of a family member's military deployment.

3. This Act requires the Department of Labor to:
    a. Establish and administer procedures for filing claims for benefits, including documentation required from a health care provider.
    b. Adopt regulations as necessary to implement this chapter.
    c. Advise covered individuals filing a claim if the United States Internal Revenue Service determines that benefits under this chapter are subject to federal income tax.

4. Other provisions of this Act relevant to the fiscal projection include:
    a. Creates the Family and Medical Leave Insurance Account Fund, administered by the State Treasurer.

5. This Act expands upon the Department of Labor's duties and powers. To implement the provisions of this Act, the Department of Labor anticipates the need for the following:
    a. Addition of 66 FTE positions to the Department of Labor for the creation of a new division within the department, solely dedicated to collecting payroll contributions, reviewing applications, applying wage benefits, and processing claims.
        i. Recurring Costs - $7,386,657
            1. $4,415,657 in Personnel Costs, including Other Employment Costs (OECs), for 1.0 FTE, Deputy Attorney General; 1.0 FTE, Director; 1.0 FTE, Deputy Director; 2.0 FTEs, Administrators; 4.0 FTEs, Managers; 1.0 FTE, Fiscal Officer; 2.0 FTEs, Management Data Analysts; 5.0 FTEs, Supervisors; 4.0 FTEs, Field Auditors; 4.0 FTEs, Sr. Accountants; 3.0 FTEs, Accountants; 8.0 FTEs, Accounting Specialists; 3.0 FTEs, Appeals Referees; 13.0 FTEs, Claims Adjudicator/Investigator/Auditors; 6.0 FTEs, Claims Processors; 5.0 FTEs, Administrative Specialists; 3.0 FTEs, Operations Specialists.
            2. $396,000 for approximately 13,200 square feet of leased space.
            3. $1,575,000 for supplies, energy, capital outlay, and contractual services.
            4. $1,000,000 for ongoing hosting and updates for benefit and tax system.

ii. One-Time Costs - $21,500,000
    1. $1,500,000 for general start-up costs (contractual staff, computers, furniture, energy, capital outlay).
    2. The total costs of a benefit and tax system (technology system and software) are difficult to determine; however, through initial conversations with the Department of Technology and Information, the Department of Labor estimates an approximate cost of $20,000,000.

6. This fiscal impact assumes that the initial start-up operational (initial staff, lease space, etc.) and one-time costs associated with this Act would require funding through the General Fund. Upon full implementation, it is assumed that all ongoing costs will be paid from an administrative percentage of collections and will not require continued General Fund appropriations.

Cost:

	One-Time (General Fund)	**Initial Operational Costs (General Fund)**	**Family and Medical Leave Insurance Account Fund**
Fiscal Year 2022:			
Fiscal Year 2023:	$21,500,000	$3,122,430	
Fiscal Year 2024:			$7,386,657

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