151st GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 409**
SPONSOR:	**Representative Morrison**
DESCRIPTION:	**AN ACT TO AMEND TITLE 19 OF THE DELAWARE CODE RELATING TO EARNED SICK TIME AND SAFETY LEAVE.**

Assumptions:

1. This Act becomes effective upon signature by the Governor and takes effect January 1, 2024.

2. This Act requires all employers to provide employees with a minimum of one hour of earned sick and safety leave for every thirty hours worked. The Act specifies under what circumstances an employee may take the leave established in this Act. Provisions relevant to the fiscal projections include:
    a. Allowing an employer to cap the number of hours earned per year at 40 hours.
    b. Not requiring the payout of any unused leave upon the termination of employment of an employee.
    c. Charging the Department of Labor with the promulgation of regulations and enforcement of the provisions of this Act.
    d. The State's leave provisions for full-time employees as well as provisions for full-time educators in districts and charters would be deemed sufficient and meet all requirements of this legislation. This Act would require the State to provide leave for casual/seasonal employees and for districts and charters to provide leave for part-time educators.

3. Studies from the National Bureau of Economic Research and the Washington Center for Equitable Growth both concluded that newly covered employees take two additional sick days per year.

4. According to the State's personnel and payroll system, there were 2,009,748 casual/seasonal hours accrued in state agencies for 2021. Applying the leave accrual ratio contained in this Act and the 40-hour cap on yearly accrual results in a projected accrual of 59,319 hours with a "value" of $1,130,708. Assuming each employee would use up to 2 days per year results in a projected annual usage of 34,156 hours with a cost of $646,649. Assuming 68% of Personnel Costs are General Fund would yield an annual cost of $439,721.

5. According to the State's personnel and payroll system, there were 1,238,006 casual/seasonal hours accrued in school districts and charters in 2021. Applying the leave accrual ratio contained in the Act and the 40-hour cap on yearly accrual results in a projected accrual of 38,414 hours per year with a "value" of $812,299. Assuming each individual would use up to 2 days/year results in a projected annual usage of 29,340 hours with a local/charter funds annual cost of $623,842.

6. The Department of Labor (DOL), Division of Industrial Affairs, anticipates the need for personnel to provide outreach, administration, and enforcement of the provisions of this Act. Recurring annual costs are estimated at $756,301, and one-time costs are estimated at $20,000 and are as follows:

a. $451,301 in Personnel Costs, including Other Employment Costs (OECs), for 5.0 FTEs, Labor Law Enforcement Officers, 1.0 FTE, Administrative Specialist, 1.0 FTE, Labor Law Enforcement Supervisor.
b. $305,000 in Operating Costs for office space, supplies, travel, capital outlay and public outreach.
c. $20,000 in one-time costs (computers, furniture, etc.)

7. Costs have not been estimated for Delaware Technical and Community College and Delaware State University. Costs have also not been estimated for leave associated with contractual part time employees.

Cost:

	State Agency Costs	**District/Charter Costs**
Fiscal Year 2023	$ 400,651	$ 0
Fiscal Year 2024	$ 976,162	$311,921
Fiscal Year 2025	$1,196,022	$623,842

Prepared by Robert Scoglietti
Office of the Controller General