

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

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### **H. 187 – An Act Relating to Absence from Work for Health Care and Safety**

*Analysis reflects the draft as before the House Committee on General, Housing and Military Affairs*

#### Overview

This bill proposes that employees are provided with earned sick time and that employers do not penalize employees who use earned sick time benefits. The proposed legislation includes paid leave accrued at the rate of 1 hour of paid leave for every 40 hours worked, with an annual minimum requirement for employers to offer no more than 24 hours of paid leave until December 31, 2017 and no more than 40 hours beginning January 1, 2018.

#### Fiscal and Economic Impact

According to JFO's review and information received from the Department of Human Resources and the Department of Labor, the estimated cost to the state under this legislation is de minimus in state fiscal year 2016. In state fiscal year 2017 and annually thereafter, the Department of Human Resources expects no additional cost associated with this legislation. The Department of Labor, however, may experience budget pressure in their Wage & Hour and Employment Practices unit dependent on the number of complaints received. If the volume of calls and complaints come in at a higher rate than anticipated<sup>1</sup>, the Department of Labor will need to develop a process for addressing them and may experience additional budget pressure in processing those complaints. The amount of additional funding that may be necessary for the Department of Labor is uncertain until the level of complaints is clear.

Using analysis developed for a March 2014 review<sup>2</sup> of this topic, the JFO estimates the total cost to employers of extending sick leave coverage to Vermont workers to be approximately \$3.6 to \$8.2 million dollars from the effective date until December 31, 2017 and between \$6.2 and \$14.3 million dollars annually thereafter. The proposed legislation will have a lesser impact in 2016 due to the effective date of January 1, 2016 and the ability for employers to require a waiting period for new hires.

This economic analysis results in a cost decrease from the March 2014 review. The key differences between this estimate and the previously developed estimate include:

1. Changing the paid leave accrued from 1 hour of paid leave for every 30 hours worked to 1 hour of paid leave for every 40 hours worked, and

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<sup>1</sup> The complaint estimate is based upon Connecticut's experience with similar legislation. They have received 50 total complaints since 2012.

<sup>2</sup> A full discussion of the March 2014 analysis is available here:

[http://www.leg.state.vt.us/jfo/fiscal\\_notes/2014\\_S\\_255%20Memo-Sick%20Leave%20S255%20Review.pdf](http://www.leg.state.vt.us/jfo/fiscal_notes/2014_S_255%20Memo-Sick%20Leave%20S255%20Review.pdf)

2. Reducing the annual program cap from no more than 56 hours of paid leave to 24 hours of paid leave, followed by 40 hours of paid leave after December 31, 2017.

While difficult to measure, the March 2014 examination estimates related benefits including reduced employee turnover, the costs of productivity losses as a result of payment to ill workers who underperform while on the job, the reduced spread of contagious diseases, reduced emergency room use, and other health related benefits. The analysis suggested that benefits of the legislation are “likely to be of comparable magnitude to the employer costs.”<sup>3</sup>

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<sup>3</sup> Ibid.