Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

PUBLISHED: **ORIGINAL**

Bill Number: HB 1921 E **Patron:** Ward
Bill Title: Relating to Employment: Paid Sick Leave; Civil Penalties

Bill Summary: This bill seeks to expand a requirement of a paid sick leave benefit to all employers in the Commonwealth. It also expands the allowable reasons to use the paid sick leave benefit by including language to address issues of domestic violence. Currently, paid sick leave is available as a benefit to consumer-directed attendants who qualify in the minimum average threshold of 20 hours per week or 90 hours in a month. Once they qualify, the attendant earns 1 hour for each 30 hours worked. Paid sick leave can accrue up to 40 hours per year, and any unused leave can be carried over to the next. This legislation drops the minimum threshold, thus for every 30 hours any attendant works, they earn one hour of sick leave. The bill has a delayed enactment date of July 1, 2026.

Budget Amendment Necessary: Yes **Items Impacted:** 288 (DMAS), 350 (DOLI)

Explanation: The proposed legislation will require expenditures for which the Department of Medical Assistance Services (DMAS) and Department of Labor and Industry (DOLI) are not currently appropriated. See table and fiscal analysis below.

Fiscal Summary: It is anticipated that this bill will result in a general fund expenditure impact of $9.3 million and a nongeneral fund expenditure impact of $8.9 million beginning in FY 2027, with higher amounts in future years. Also, it is anticipated that this bill will result in an indeterminate general fund revenue impact.

General Fund Expenditure Impact:

Agency	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
DMAS	$0	$0	$7,968,288	$8,904,103	$9,254,297	$9,683,552
DOLI	$0	$0	$1,348,227	$1,257,227	$1,257,227	$1,257,227
TOTAL	**$0**	**$0**	**$9,316,515**	**$10,161,330**	**$10,511,524**	**$10,940,779**

Nongeneral Fund Expenditure Impact:

Agency	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
DMAS	$0	$0	$8,907,233	$9,953,206	$10,343,890	$10,822,696

Fiscal Analysis:

This fiscal impact estimate is preliminary and will be updated as necessary.

Department of Labor and Industry:

The Department of Labor and Industry (DOLI) would be responsible for enforcing this bill by promulgating guidelines, monitoring, and compliance. The agency estimates that approximately 1,200 annual complaints that will need to be investigated, resulting in a workload increase requiring eight new positions: five Compliance Officers, one Compliance Officer Supervisor, one Hearing and Legal Services Officer, and one Hearing and Legal Services Officer Mediator, totaling to $1.25 million general fund in annual costs. The agency also anticipates that necessary upgrades to software systems will result in a one-time cost of $91,000.

Employers who violate the provisions of the bill may be subject to a fine of up to $150 for the first violation, $300 for a second violation within two years, and $500 for subsequent violations. Revenue from these fines would be deposited to the general fund, the exact amount will be dependent on the number of violations and is indeterminate.

Department of Medical Assistance Services:

According to DMAS, this bill would impact Medicaid expenditures through consumer directed attendant care. In the consumer directed model of care, the Medicaid members select their personal care, respite or companion care attendants and the Medicaid program pays for the wages of the attendant plus appropriate employer taxes and benefits. Currently, home health care workers who are consumer directed attendants and who work more than twenty hours a week receive one hour of sick leave for every thirty hours worked with a maximum of forty hours per year. This bill removes the requirement that home health care workers work on average twenty hours or more a week to qualify for accruing sick leave hours.

DMAS estimates that 7.2 percent of the current hours worked do not qualify for accruing sick leave because the attendant works fewer than twenty hours per week. One hour of sick leave is earned for every 30 hours worked. DMAS states billable rates would need to be raised by 0.24 percent, as calculated by one hour for every thirty, times 7.2 percent. Attendants who work less than twenty hours a week would not reach the forty hours per year limit. With a start date of July 1, 2026, and one month payment lag this rate increase is estimated to cost $2.2 million ($1.0 million general fund) in FY 2027 and $2.5 million ($1.2 million general fund) in FY 2028.

The bill also expands paid sick leave requirements to include individuals who provide personal care, respite, or companion services to an individual who receives agency directed services. In an agency directed model of service, a home care agency employs the attendants who provide personal and respite care. While DMAS does not have information as to the extent home care agencies are currently providing sick leave, it is assumed that this bill's provisions would increase home care agency operating costs similar to those experienced in consumer direction. The following information is provided if it is the intent of the bill for the state to recognize the cost to impacted home care agencies. Consumer directed rates had an increase of $0.34 per hour in northern Virginia and $0.26 per hour outside of Northern Virginia to pay for the sick leave benefit. Should assumptions similar to those used to generate consumer directed costs be applied to home care agency directed care, then DMAS reports that rates would need to be increased by 1.45 percent in northern Virginia and 1.32 percent outside of northern Virginia. With a start date of July 1, 2026, and one month claims payment lag, costs of a rate increase for all personal care providers are estimated to be $16.9 million ($8.0 million general fund) in FY 2027 and $18.9 million ($8.9 million general fund) in FY 2028.

Commonwealth Agencies and Localities:

The bill includes all agencies, institutions, and political subdivisions as employers. The Virginia Sickness and Disability Program (VSDP) provides sick leave, including coverage for short- and long-term illness and disabilities. The amount of sick leave provided to employees covered by VSDP is set by the Virginia Code. Sick leave under VSDP does not roll over from year to year; instead, an employee receives a new allotment of sick leave each year. VSDP currently provides full-time employees in VSDP with less than 60 months of state service 64 hours of sick leave annually. Full-time employees with 60 or more months of state service receive 72 or 80 hours of sick leave, depending on their tenure. Thus, full-time employees in VSDP already receive more sick leave than required by the bill, though it should be noted that VSDP participating part-time employees receive 32 or 40 hours of sick leave annually, depending on their tenure.

Other: None.