

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7383**  
**BILL NUMBER: HB 1940**

**DATE PREPARED: Jan 25, 1999**  
**BILL AMENDED:**

**SUBJECT:** Cash Conversion of Unused Sick Days.

**FISCAL ANALYST:** Alan Gossard  
**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:  GENERAL**  
 **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill entitles an employee of a state agency who resigns or retires with at least ten years of creditable service to be paid for a percentage of the employee's accrued but unused sick days.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** (Revised) This bill provides that state employees who resign or retire with between 10 and 15 years of creditable service are to paid for 20% of the employee's accrued, but unused, sick days. The payment rate for employees with between 15 and 20 years of creditable service is 35% and the payment rate for employees with more than 20 years of creditable service is 50% of accrued, but unused, sick days. The estimated cost of this provision is approximately \$1,450,000 per year.

The distribution by category for the state employees who resigned or retired in FY98 and the cost of the payout for each of the employee categories are presented in the following table.

<b>Years of Service</b>	<b>No. Resigned or Retired</b>	<b>Payment Rate</b>	<b>Cost</b>
<b>Between 10 and 15</b>	846	20%	\$361,073
<b>Between 15 and 20</b>	422	35%	\$315,192
<b>More than 20</b>	724	50%	\$772,508
<b>Total</b>	1,992		\$1,448,773

These estimates are based on an average value of accrued, but unused, sick days of \$2,134 for those state employees whose current age and years of creditable service is 65.

Currently, personnel costs are paid from the state General Fund (about 55%) and from dedicated funds (about 45%).

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** All

**Local Agencies Affected:**

**Information Sources:** Public Employees Retirement Fund data; State Auditor data.