

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6753

BILL NUMBER: HB 1104

DATE PREPARED: Jan 24, 2000

BILL AMENDED:

SUBJECT: State Employee Leave Time.

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**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 part of the employee's accrued but unused leave time. The bill also requires the payment be made to the employee's designated beneficiary or the employee's estate if the employee dies while employed by the state.

Effective Date: July 1, 2000.

Explanation of State Expenditures: (Revised) This bill provides for payment for accrued and unused leave time (vacation, sick, personal, and compensatory time) earned by a state employee with at least 10 years of creditable service upon resignation, retirement, or death. The provision includes employees in all state agencies.

Current statute (that will become effective July 1, 2000) provides for the deposit into a cafeteria plan upon an employee's retirement, an amount equivalent to the value of accrued and unused vacation, sick, and personal time (not compensatory time). This statute also imposes a \$5,000 limit per employee on the amount that can be deposited. The current statute does not include employees from a state educational institution, a state elected official's office, and the legislative and judicial branches of state government.

This bill will result in additional costs to the state due to: (1) the inclusion of compensatory time in the payment; (2) no limit imposed on an individual's payout; and (3) the inclusion of resignations and deaths in addition to retirements. The additional state costs are estimated to be \$400,000 to \$500,000 based on prior years' employee termination experience. This estimate is underestimated in that compensatory time is not factored into the estimate. (State employee compensatory time records are not maintained in a central location, so these records are unavailable at this time.) Also not factored into the estimate is the additional potential cost due to no cap on an individual's payout.

Background: Leave time includes the total vacation time, sick time, personal time, and compensatory time that has been accrued, but not used, at the time a state employee with 10 years of creditable service terminates employment. The employee is to be paid on the sum of the following two amounts:

(Amount A) The lesser of 225 hours or the actual amount of total leave time accrued, but unused, plus:

(Amount B) The number of hours in excess of 225 multiplied by: (a) 20% if the employee has between 10 years and 15 years of creditable service; (b) 35% if the employee has between 15 and 20 years of creditable service; or (c) 50% if the employee has more than 20 years of creditable service.

The payment to an eligible former state employee must be made at the rate the employee was paid on the date the employee resigned, retired, or died.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All

Local Agencies Affected:

Information Sources: Data from State Auditor's Office