

**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:** Feb 8, 2000

**BILL AMENDED:** Feb 7, 2000

**SUBJECT:** State Employee Leave Time.

**FISCAL ANALYST:** Alan Gossard

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

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill provides that if a state employee with at least ten years of creditable service dies while employed by a state agency, payment of a part of the employee's accrued but unused leave may be paid to the employee's designated beneficiary or the employee's estate.

The bill also adds the legislative and judicial branches of state government to the definition of state agency for purposes of the cafeteria plan benefits for certain unused vacation, sick, or personal days. The bill also provides that a state employee may transfer sick, personal, compensatory, and vacation leave to a leave of absence bank within the employee's division for use by any other employee within that same division.

**Effective Date:** July 1, 2000.

**Explanation of State Expenditures:** (Revised) The cost to the state is estimated to range from approximately \$140,000 to \$205,000 per year. This estimate may be overstated due to limitations in the data. However, the overstatement is expected to be small.

*Background:* 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 the employee's accrued and unused vacation, sick, and personal time (reduced by a specified percentage based on the employee's creditable years of service). The statute also imposes a \$5,000 limit per employee on the amount that can be deposited. The current statute also 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 removes the exclusion of the legislative and judicial branches and the employees of state elected officials.

This bill also provides for payments to a deceased employee's beneficiary in the amount that would have been deposited into the cafeteria plan had the employee retired instead of died. The cost to the state of both provisions of this bill is estimated to range from approximately \$140,000 to \$205,000 per year. This is based

on state employee termination experience in 1998 and 1999. This estimate is overestimated in that: (1) the data does not allow factoring in the effect of the \$5,000 per person cap as provided in current statute; and (2) the data is based on years of service, rather than "creditable" years of service. The amount of the overstatement in either case is expected to be small.

Another provision of this bill allows employees to transfer sick, personal, vacation, and compensatory time to a leave of absence bank within the employee's division. This could result in a fiscal impact to the state for payments of salaries and wages beyond what could have been claimed by employees otherwise. The additional cost is not known and would depend upon the actions of individual employees in donating to the leave banks and the policies established for these banks.

The relative contributions toward personal services, on average, are the State General Fund (55%) and various dedicated funds (45%).

**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