

FISCAL NOTE

Bill #: HB0133

Title: Allow employee to roll over sick leave to spouse who is employee

Primary Sponsor: Dave Lewis

Status: As Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Net Impact on General Fund Balance:	0	0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Administration

1. An employee in agency "A" transfers sick leave to a spouse in agency "B". Agency "A" saves the cost of the sick leave pay out, which is 25% of the pay attributed to the sick leave. Agency "B" must pay the employee when the sick leave is used. As long as the agency does not have to replace the employee who is on sick leave there is typically no increased cost over what has already been budgeted for the employee's position.
2. The receiving employee may benefit upon termination by having sick leave available for pay out that would have otherwise been used if the spouse had not transferred leave. This is an additional cost to the agency. Depending upon the value of the sick leave there is either a positive or negative effect on overall use of tax dollars. When a higher paid employee transfers leave to a lower paid spouse and there is subsequently more hours available to the

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spouse for pay out then a positive impact is likely to occur. The opposite would likely have a negative impact.

3. Agencies may have some cost in adjusting payroll software to track this sick leave since it must be kept separate so that the receiving employee does not mistakenly receive a pay out for this leave upon termination. There is no accurate way to measure cost because we don't have data on the work location of the spouse of all employees. Nor would there be a way to predict who would transfer leave versus taking the sick leave pay out. The motivation of an employee to transfer sick leave to a spouse would be an individual decision based on a number of variables.
4. There is no fiscal impact on state funding for schools.
5. There is no fiscal impact to counties.

FISCAL IMPACT:

	FY2002	FY2003
	<u>Difference</u>	<u>Difference</u>
Net Impact to Fund Balance (Revenue minus Expenditure):	0	0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. HB 133 has the potential to be costly for individual school districts if a recipient spouse uses the donated sick leave for an extended illness. The school district will need to hire and pay for a substitute teacher if the recipient spouse is a classroom teacher.
2. HB 133 creates two categories of sick leave and may increase the amount of bookkeeping required by school districts in their human resource and payroll systems.

TECHNICAL NOTES:

1. Section 1(3) of HB 133 may be unnecessary as 2-18-604, MCA already provides rule-making authority and would apply to Section 1 per the codification instructions.
2. HB 133 creates two categories of sick leave. A terminating employee will receive a lump-sum payment for sick leave accrued by the employee, but will receive no payment at the time of termination for sick leave granted to the employee by a spouse. The bill does not indicate whether granted sick leave will be drawn down first or last compared to accrued sick leave.