



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0498	Title:	Revise sick leave eligibility for public employees
Primary Sponsor:	Sands, Diane	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$15,367	\$15,367	\$15,367	\$15,367
State Special Revenue	\$12,552	\$12,552	\$12,552	\$12,552
Federal Special Revenue	\$5,706	\$5,706	\$5,706	\$5,706
Other	\$4,412	\$4,412	\$4,412	\$4,412
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$15,367)</u>	<u>(\$15,367)</u>	<u>(\$15,367)</u>	<u>(\$15,367)</u>

Description of Fiscal Impact:

Department of Administration

Fiscal impact results from eliminating the current requirement of the 90-day qualifying period for use of sick leave. In addition, employees with less than 90-days of service with the state would be eligible for a lump sum payment and could receive direct sick leave grants from other state employees whereas in the absence of HB498 these employees would not meet the criteria for receiving a direct grant.

FISCAL ANALYSIS

Assumptions:

Department of Administration

1. Sick leave credits accrue to a full-time FTE, beginning on the first day of their employment, at a rate of 3.69 hours per pay-period. There are 6 ½ pay-periods in 90-days of employment. The maximum sick

leave credits a full-time employee could earn in the first 90-days is 24 hours. Under HB498, if an employee were to terminate just prior to reaching the current 90-day qualifying period, the maximum lump-sum payout of sick leave would be one-fourth of the 24 hours of accrued leave, or 6 hours.

2. Through queries of the state's human resources system, it was determined that over the past 3 ½ fiscal years the average compensation rate of employees who terminated within the first 90-days is \$12.73/hour (includes benefits @ 15.75%). This fiscal note assumes that this is the average hourly rate for employees affected by HB 498 and it remains constant through all years reported on. Thus, the average full-time state employee who terminates employment at the 90th day would receive a lump sum payment of \$76.38 (0.25 x 24 hrs x \$12.73/hour) for their accrued sick leave credits.
3. From FY 2004 to mid-way through FY2007, on average 252 people annually were terminated prior to reaching 90 days of employment. Assuming that this is the number of employees that would terminate at the 90th day of employment every year, the total average payout of sick leave credits would be \$19,248.
4. For an employee to qualify to receive a direct grant of sick leave credits they would have to use all their available accrued sick, annual, and other accrued paid leave, and all compensatory time earned, plus have taken 20 consecutive hours of leave-of-absence-without-pay after using all their accrued paid leave and compensatory time. Under 2-18-611, MCA, an employee is not entitled to any vacation leave with pay until they have been continuously employed for a period of 6 calendar months. An employee with less than 90-days employment would not have any available vacation leave, and assuming that this employee had not earned any other accrued paid leave (outside of sick and vacation) and had no compensatory time, the greatest amount of direct sick leave grants they could be entitled to (assuming their first 20 hours of employment coincided with their 20 consecutive hours of leave of absence without pay) is 492 hours (64 work days @ 8 hrs/day less 20 leave-without-pay hours). At the average rate of pay established in #3 above (\$12.73/hour) the total value in sick leave grants would be limited to \$6,263 per employee.
5. During FY 2006, 149 employees received direct sick leave grants from fellow workers. The average length of service for employees in state government is 11.48 years. For purposes of this fiscal note it is assumed that 149 employees in every year receive a direct sick leave grant and 2% of these employees are in their first 90 days of employment (90 days / 11.48 yrs. x 365 days per year) If it is projected that 3 employees (2% of 149 rounded up) receive the maximum hours in direct sick leave grant credits that can be made available to individuals in the first 90 days of employment, and are paid at the average state employee pay-rate of \$12.73/hour, the state could be responsible to pay out \$18,789 annually in direct sick leave grants for individuals in their first 90 days of employment.
6. Funding for payment of sick leave credits under HB498 is assumed to be allocated 40.4% general fund; 33.0% state special revenue; 15.0% federal special revenue; and 11.6% other funds.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$38,037	\$38,037	\$38,037	\$38,037
<u>Funding of Expenditures:</u>				
General Fund (01)	\$15,367	\$15,367	\$15,367	\$15,367
State Special Revenue (02)	\$12,552	\$12,552	\$12,552	\$12,552
Federal Special Revenue (03)	\$5,706	\$5,706	\$5,706	\$5,706
Other	\$4,412	\$4,412	\$4,412	\$4,412
TOTAL Funding of Exp.	<u>\$38,037</u>	<u>\$38,037</u>	<u>\$38,037</u>	<u>\$38,037</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$15,367)	(\$15,367)	(\$15,367)	(\$15,367)
State Special Revenue (02)	(\$12,552)	(\$12,552)	(\$12,552)	(\$12,552)
Federal Special Revenue (03)	(\$5,706)	(\$5,706)	(\$5,706)	(\$5,706)
Other	(\$4,412)	(\$4,412)	(\$4,412)	(\$4,412)

Effect on County or Other Local Revenues or Expenditures:

- Counties and other public entities follow the same sick leave rules as the state and passage of HB498 will have a fiscal impact on these entities.

Sponsor's Initials

Date

Budget Director's Initials

Date