

HOUSE BILL NO. 427

1/23 Introduced  
1/23 Referred to State Administration  
1/24 Fiscal Note Requested  
1/29 Fiscal Note Received  
2/06 Hearing  
2/06 Adverse Committee Report  
2/07 Bill Killed

HOUSE BILL NO. 427

INTRODUCED BY

House #11 NO. 721  
Sally Enciso

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GIVE PUBLIC  
5 EMPLOYEES FULL PAY FOR ACCUMULATED SICK LEAVE ON  
6 TERMINATION; AMENDING SECTION 2-18-61B, MCA; AND PROVIDING  
7 AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 2-18-618, MCA, is amended to read:

11 "2-18-61B. Sick leave. (1) Each permanent full-time  
12 employee shall earn sick leave credits from the first day of  
13 employment. For calculating sick leave credits, 2,080 hours  
14 (52 weeks x 40 hours) shall equal 1 year. Sick leave credits  
15 shall be credited at the end of each pay period. Sick leave  
16 credits shall be earned at the rate of 12 working days for  
17 each year of service without restriction as to the number of  
18 working days that may be accumulated. Employees are not  
19 entitled to be paid sick leave until they have been  
20 continuously employed 90 days.

21 (2) An employee may not accrue sick leave credits  
22 while in a leave-without-pay status.

23 (3) Permanent part-time employees are entitled to  
24 prorated leave benefits if they have worked the qualifying  
25 period.

1           (4) Full-time temporary and seasonal employees are  
2 entitled to sick leave benefits provided they work the  
3 qualifying period.

4 (5) An employee who terminates employment with the  
5 agency is entitled to a lump-sum payment equal to one-fourth  
6 100% of the pay attributed to the accumulated sick leave.  
7 The pay attributed to the accumulated sick leave shall be  
8 computed on the basis of the employee's salary or wage at  
9 the time he terminates his employment with the state,  
10 county, or city. Accrual of sick leave credits for  
11 calculating the lump-sum payment provided for in this  
12 subsection begins July 1, 1971. The payment therefor shall  
13 be the responsibility of the agency wherein the sick leave  
14 accrues. However, no employee forfeits any sick leave rights  
15 or benefits he had accrued prior to July 1, 1971. However,  
16 where an employee transfers between agencies within the same  
17 jurisdiction, he shall not be entitled to a lump-sum  
18 payment. In such a transfer the receiving agency shall  
19 assume the liability for the accrued sick leave credits  
20 earned after July 1, 1971, and transferred with the  
21 employee.

22 (6) An employee who receives a lump-sum payment  
23 pursuant to this section and who is again employed by any  
24 agency shall not be credited with any sick leave for which  
25 the employee has previously been compensated.

1       (7) Abuse of sick leave is cause for dismissal and  
2 forfeiture of the lump-sum payments provided for in this  
3 section."

4       NEW SECTION. Section 2. Effective date --  
5 applicability. This act is effective July 1, 1985, and  
6 applies to all employees on the payroll on or after July 1,  
7 1985.

-End-

## STATE OF MONTANA

REQUEST NO. FNN 207-85

## F I S C A L N O T E

Form BD-15

In compliance with a written request received January 24, 1985, there is hereby submitted a Fiscal Note for H.B. 427 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 427 is an act to give public employees full pay (100%) for accumulated sick leave on termination. Currently an employee who terminates employment with the agency is entitled to one-fourth of the pay attributed to the accumulated sick leave.

ASSUMPTIONS:

1. Sick leave payout on termination in FY 1984 equalled \$503,509.
2. The ratio of sick leave payout will remain the same in FY 1986 and FY1987 as was experienced in FY 1984.
3. The cost of payout will inflate due to salary adjustments by 4% to FY85, by 2% to FY86 and by 2% to FY87.
4. 61% of state personal services costs are paid from the State General Fund.

FISCAL IMPACT:Expenditures for Termination Sick Leave

|                             | <u>FY 1986</u> | <u>FY 1987</u> | <u>Biennium</u> |
|-----------------------------|----------------|----------------|-----------------|
| Current Law                 | \$ 534,122     | \$ 544,805     | \$1,078,927     |
| Proposed Law                | 2,136,488      | 2,179,220      | 4,315,708       |
| Increased Cost              | \$1,602,366    | \$1,634,415    | \$3,236,781     |
| General Fund Required (61%) | \$ 977,443     | \$ 996,993     | \$1,974,436     |

LONG TERM IMPACT:

The state's sick leave liability is substantially increased. Currently there is \$8.9 million in accrued liability. This bill would increase that liability to \$35.6 million.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Jan 29, 1985