

State Employee Sick Leave Benefits At Retirement

ISSUE

This **Issue Review** examines the history of early retirement incentive programs for State employees, the Sick Leave Insurance Program (SLIP), the peace officers' Sick Leave Bank (SLB) program, and the treatment of sick leave balances at retirement. This **Issue Review** does not examine the utilization of early retirement incentive programs in the Board of Regents, Community-Based Corrections (CBC), local governments, or school districts.

AFFECTED AGENCIES

All State Agencies (except the Board of Regents)

CODE AUTHORITY

Iowa Code section [70A.23](#)

BACKGROUND

All data analyzed in this **Issue Review** is from the centralized payroll and Department of Transportation (DOT) payroll systems or from previously published reports. Data pertaining to sick leave earnings and utilization are limited to permanent full-time positions. Limiting data in this way avoids the distortion that the inclusion of part-time employees would have on the averages per employee.

There have been multiple programs aimed at encouraging State employees to retire early that were of limited duration, or utilized differing incentives. Each program offered either health insurance or financial incentives, or both. The time frame covered in this **Issue Review** is FY 1986 through FY 2013.

There are presently two ongoing programs available to employees of State agencies. These programs are summarized below. Both are based on the number of hours of sick leave the employee has "banked" at the time of retirement. The value assigned to the sick leave is a function of the hourly rate of pay, the number of hours banked at retirement, and a conversion rate (see **Table 3** and **Table 4**).

- The Sick Leave Insurance Program (SLIP) was negotiated with the American Federation of State, County, and Municipal Employees (AFSCME), Iowa United Professionals (IUP) and Public Professional and Managerial Employees (PPME) for the 2005 – 2007 collective bargaining agreements. The program was extended to noncontract employees with the passage of [2006 Iowa Acts, Chapter 1020](#).¹

¹ The SLIP is governed by Iowa Code section [70A.23](#) and Iowa Administrative Code [11-64.16](#). The initial value of the SLIP balance available to the employee is equal to the number of hours at retirement multiplied by the employee's regular hourly rate of pay at retirement, multiplied by a conversion rate, minus the \$2,000 payout at retirement provided for in Iowa Code section [70A.23\(2\)](#).

- The Sick Leave Bank (SLB) program offered to peace officers of the Department of Public Safety (DPS) and the Department of Natural Resources (DNR) has been in place since the State Police Officers' Council's (SPOC) first collective bargaining agreement (CBA) dated April 18, 1977.² At that time, when officers were promoted, the benefit was restricted to the hours earned while covered by the CBA. Subsequently, legislation was passed and supervisory peace officers were allowed credit for all sick leave hours when SLB benefits were extended to supervisory peace officers within both departments at the same time the SLIP was created.

EARLY RETIREMENT INCENTIVE PROGRAMS

Since 1986, legislation has been enacted for eight early retirement incentive programs offering benefits to eligible employees during a limited period, or window of time. The programs approved offered varying degrees of benefits to eligible employees. Each program is outlined in **Table 1**. Of the eight programs, one (1991 Iowa Acts) was item vetoed by the Governor.

The cost and effectiveness of these programs has varied depending on the incentives offered and the window of time that eligible employees must apply. The State Auditor's Office conducted a review of the 1988 program for State agencies and Regents merit personnel. The Auditor's report identified 45 nonregent positions associated with 301 participants that were eliminated. The report further identified \$1.6 million in program costs over an 21-month period and a net program savings of \$3.6 million over the same period.

Estimated savings and costs for the other programs are available in various other publications from either the Executive Branch or the Legislative Services Agency (LSA). Those sources are referenced later in this **Issue Review**.

Early retirement incentives offered during a limited time period can make effective succession planning difficult for agencies. Half of the programs offered have required application and retirement within six or fewer months. For example, as a result of the incentive program offered in FY 2010, 112 correctional officer retirements occurred in fewer than five months, representing 7.8% of the correctional officers employed at the time. During the same period, an additional 28 correctional officers were terminated for various other reasons. In the Department of Human Services, a total of 99 of 790 income maintenance workers retired under the SLIP, or 12.5%.

Table 1

Session Law	Enrollment Period	Minimum Age	Eligible Employees	Health Insurance Incentive (Only While Employee is Under 65)	Financial Incentives
1986 Iowa Acts, chapter 1192	5/20/1986 – 7/31/1986 Retire no later than 10/31/1986	59	All full-time State employees except: <ul style="list-style-type: none"> • Regents employees; • Elected members of the General Assembly; • State elected officials; • Judicial officers covered by Iowa Code chapter 602. 	Continuation of health and dental insurance for the plan in which the employee was enrolled at the monthly State contribution made at retirement, or the financial incentive.	10.0% of final annual salary, but no more than \$5,000.
1988 Iowa Acts, chapter 1086	3/31/1988 – 5/15/1988 Retire no later than 6/30/1988	62	All full-time State employees except: <ul style="list-style-type: none"> • Regents employees; • Elected members of the general assembly; • State elected officials; • Judicial officers covered by Iowa Code chapter 602. 	Continuation of health and dental insurance for the plan in which the employee was enrolled at the monthly State contribution made at retirement, or the financial incentive.	10.0% of final annual salary, but no more than \$5,000.

² The SLB program is governed by Article 9, Section 8, paragraph E of the [Collective Bargaining Agreement](#) with the SPOC.

Table 1 (Continued)

Session Law	Enrollment Period	Minimum Age	Eligible Employees	Health Insurance Incentive (Only While Employee is Under 65)	Financial Incentives
*1991 Iowa Acts, chapter 267 § 632	7/1/1991 – 4/1/1992 Retires between 8/1/1991 – 8/1/1993	55	Iowa Public Employee’s Retirement System (IPERS) members only.	Continuation of health and dental insurance for the plans in which the employee was enrolled at retirement with assistance limited to the monthly State contribution made at retirement.	Not Available
1992 Iowa Acts, chapter 1220	5/22/1992 – 1/15/1993 Retires between 5/15/1992 – 1/15/1993	59	IPERS and Peace Officers’ Retirement System (PORS) members employed in the executive and judicial branch with 20 years of service, except: • Elected members of the general assembly; • State elected officials.	Continuation of health insurance for the plan in which the employee was enrolled at retirement with assistance limited to the monthly State contribution made at retirement.	Not Available
**2001 Iowa Acts, 2nd Extra Session, chapter 5	11/19/2001 – 1/31/2002 Retires by 2/1/2002	Years of service and age equal to or greater than 75 requirement only.	Employees of the executive and legislative branches not covered by a collective bargaining agreement and a member of IPERS or PORS for whom age and years of service equal or exceed 75, except: • Elected members of the General Assembly; • State elected officials; • Board of Regents employees.	Retiree could participate in group insurance at the retiree’s expense.	Entire value of vacation plus, the lesser of the value of sick leave balance, or the employee’s annual salary (paid in cash over 5 years).
** 2002 Iowa Acts, 2nd Extra Session, chapter 1001, §51	6/4/2002 – 8/14/2002 Retires by 8/15/2002	Years of service and age equal to or greater than 75 requirement only.	Employees of the executive, legislative, and judicial branches not covered by a collective bargaining agreement and a member of IPERS or PORS for whom age and years of service equal or exceed 75, except: • Elected members of the General Assembly; • State elected officials.	Retiree could participate in group insurance at the retiree’s expense.	Entire value of vacation, plus the lesser of the value of sick leave balance, or the employee’s annual salary (paid in cash over 5 years).
2004 Iowa Acts, chapter 1035	4/2/2004 – 5/21/2004 Retires between 7/2/2004 – 8/12/2004	Years of service and age equal to or greater than 75 requirement only.	IPERS and PORS members employed in the executive, legislative and judicial branches for whom age and years of service equal or exceed 75, except: • Elected members of the General Assembly; • State elected officials.	Retiree could participate in group insurance at the retiree’s expense.	Entire value of vacation, plus the lesser of the value of sick leave balance, or 75.0% of the employee’s annual salary (paid in cash over 5 years).
2010 Iowa Acts, chapter 1005	2/10/2010 – 4/15/2010 Retire before 6/24/2010	55	IPERS members employed in the executive, legislative and judicial branches for whom age and years of service equal or exceed 75, except: • Elected members of the General Assembly; • State elected officials.	Continuation of health insurance for any plan in the State group in which the employee could enroll at the monthly State contribution made at retirement until the sick leave bank is exhausted, or for up to 5 years, whichever is greater.	Entire value of vacation, plus \$1,000 for each year of service up to a maximum of \$25,000 (paid over 5 years).

* 1991 Iowa Acts, chapter 267 § 632 was item vetoed

** In addition to an early retirement incentive, both the 2001 and the 2002 programs included an “early termination” incentive. The incentive for employees with at least 10 years of credited service in IPERS or PORS to terminate early was the lesser of \$250 per quarter of credited service under IPERS or PORS, or the eligible employee’s annual salary.

Table 2 provides the eligibility and participation rates under the programs, the number of positions eliminated, and estimated first-year savings and program costs, where available. The LSA has not independently calculated and verified data presented in **Table 2**. Data regarding the reductions in appropriations or reversions associated with the programs are not available. In each program, some departments were granted “waivers” from the elimination of positions. Costs associated with the programs from 2001 through 2010 were identified utilizing actual payroll records. Costs associated with the 1986, 1988, and 1992 programs were gathered from documents that previously identified the cost of incentives paid to participants in the programs. The 2002 program was an extension of the 2001 program and fiscal data for both is reflected under the 2001 initiative.

Table 2

Legislative Session	1986	1988 ³	1992 ⁴	2001	2002	2004	2010 ⁵
# Eligible	1,177	841	856	4,289	4,564	5,367	6,127
# Participating	402	301	361	594	148	273	2,067
Estimated Net Savings	\$1.7 million	\$3.6 million	\$8.0 million	\$17.0 million ⁶	N/A	\$10.1 million ⁶	\$57.4 million
Positions Eliminated	N/A	45	166	397 ⁶	N/A	N/A	807
\$ Sick Leave Paid	N/A	\$0.4 million	N/A	\$24.0 million ⁷	N/A	\$8.3 million ⁸	\$3.6 million
\$ Health Insurance Premium Paid	\$1.5 million	\$1.3 million	\$3.4 million	N/A	N/A	N/A	\$50.4 million ⁸
\$ Vacation Paid	N/A	\$0.78 million	\$1.2 million ⁷	N/A	N/A	N/A	\$11.4 million ⁹
\$ Years of Service Incentive Paid	N/A	N/A	N/A	N/A	N/A	N/A	\$36.8 million ¹⁰
Other Benefits Paid	N/A	\$0.23 million	N/A	N/A	N/A	N/A	N/A

SLIP – Centralized Payroll Employees Excluding DPS/DNR Peace Officers

A survey of State employees that were eligible to participate in the 1992 retirement incentive program was conducted in 1993. Of those that retired, the overwhelming majority of respondents (92%) indicated that the health care premium incentive played a significant role in the decision to retire. The survey revealed the decision to retire encompasses many important elements, including:

- One's health (and that of one's spouse);
- The degree of job satisfaction;
- Concerns about meeting escalating health care costs after retirement; and
- The desire to maximize retirement benefits.¹¹

At the same time, a comparison was made of sick leave usage among AFSCME, IUP, and noncontract employees to SPOC employees, who already had a program assisting with the cost of health insurance at retirement. Data available at the time indicated that the average employee in SPOC utilized a fraction of the sick leave compared to other bargaining groups. While the data used to make this comparison is no longer available, there is ample data to analyze prior to the implementation of the SLIP to make a similar comparison.

The SLIP, first offered during negotiations for the 2001-2003 AFSCME collective bargaining agreement (CBA), was ultimately negotiated with AFSCME and IUP for the 2005-2007 CBA and became effective July 1, 2006.

³ State Auditor's report "[Early Retirement Incentive Programs of the State of Iowa](#)." Estimated savings included all salary savings and costs from March 31, 1988 through December 31, 1990.

⁴ See the *Issue Review* "[Early Retirement Program Update](#)" published June 30, 1993.

⁵ See [SF 2062 fiscal note](#) published January 20, 2010.

⁶ As reported by the DAS to the General Assembly in "[2007 Report - Early Termination Programs](#)." This is a combined total of positions deleted for the 2001, 2002, and 2004 programs. Savings indicated reflect the difference between annual budgets for participants and the value of the payouts for participants. Of the 1,015 positions vacated, 397 (39.1%) were deleted and the remainder were either refilled or reclassified. Therefore, the full amount reflected cannot be considered savings.

⁷ Vacation and sick leave payouts combined.

⁸ Program actual costs through June 30, 2014. An additional \$10.5 million is estimated to be expended through June 2015.

⁹ Projected based on program actual costs through June 30, 2014. The last installment for vacation payout was payable in September 2014. All data was extracted from actual payroll.

¹⁰ Actual years of service incentive benefit paid through September 2014 including the employer share of Social Security and Medicare taxes.

¹¹ Retirement Subcommittee of the Staffing Facet Team, Department of Personnel, [Analysis of, and Recommendations for Enhancing Retirement Options](#), p. 2-3 (January 1995).

The implementation of the SLIP required a change in sick leave accrual in exchange for postretirement health insurance benefits for employees. Prior to July 1, 2006, employees covered by the AFSCME and IUP CBAs accrued 18 days (144 hours) of sick leave per year. The postretirement benefit available was limited to a cash payment for accrued and unused sick leave up to a value of \$2,000. Any sick leave value in excess of \$2,000 was simply forfeited.

The SLIP entitles employees to as much as 100.0% of the value of accrued and unused sick leave based on the amount of accrued and unused sick leave available at retirement. In any case, the lesser of 100.0% of the value of the sick leave balance, or \$2,000 is first paid to the employee in cash and the remainder, if any, is converted at the employee's regular hourly rate of pay to create the SLIP balance. In return for the increased entitlement, employees agreed to change how sick leave is accrued. The accruals of sick leave time and the value to which the employee is entitled are both reflected in **Table 3**.

Table 3

Sick Leave Balance	Accrual Rate	Value Converted at Retirement
Zero to 750 hours	18 days (144 hours) per year	60.0% of value based on hourly rate of pay
More than 750, but under 1,500 hours	12 days (96 hours) per year	80.0% of value based on hourly rate of pay
More than 1,500 hours	6 days (48 hours) per year	100.0% of value based on hourly rate of pay

The SLIP balance is available to pay for the State share of State group health insurance plans. The employee must remain in the Program by utilizing the sick leave bank for the payment of premiums from the point of retirement until any of the following occurs:

- The participant's sick leave bank is exhausted;
- The participant turns age 65, becoming Medicare eligible;
- The participant terminates participation in the State's group insurance program;
- The participant returns to permanent employment with the State;
- The participant fails to pay any required amount; or
- The participant dies.

When one of the above occurs, any remaining cash value attributed to the sick leave bank is forfeited. The employee is ineligible to participate in the Program and any balance remaining is not transferable to another person, including a spouse. Only a portion of the total banked sick leave value for all retirees will be utilized under the SLIP due to termination prior to retirement, coverage under a spouse's health insurance, returning to state employment, turning 65, or passing away prior to 100.0% utilization.

The value of sick leave accrued to full-time State employees covered by the SLIP as of June 30, 2014, was slightly less than \$329.7 million. According to the Department of Administrative Services (DAS), on average as much as 50.0% of the value available is not utilized because the participant meets one of the above conditions. In one instance, a participant had an initial SLIP balance valued at over \$180,000, but only utilized approximately \$50,000 before turning age 65.

The current liability for the SLIP¹² is unfunded as no trust or fiduciary account exists to accumulate funds for the liability. The costs of the SLIP program are borne by the operating budgets of the agencies that the employees retire from. No funding has been appropriated from any source to pay these costs.

¹² Current liability equals the value of the sick leave bank of retired employees that remains unused and available for the payment of premiums at some point in the future. For SLIP participants the DAS estimates that just under 50.0% of the available balance will be utilized as participants become ineligible. See **Table 5**.

State Police Officers' Council and Supervisory Peace Officers – Sick Leave Bank

The SLB Program offered to all sworn peace officers of the DPS and the DNR has existed since the first CBA negotiated by SPOC in 1977 and may have predated that agreement.¹³ The SLB program makes 100.0% of the value of the accumulated and unused sick leave balance available to peace officers at the time of retirement to pay for 100.0% of health, dental and/or life insurance premiums during post retirement years.¹⁴ Sick leave accrual rates for peace officer employees covered under the SLB program are provided in **Table 4**.

Table 4

Sick Leave Balance	Accrual Rate	Value Converted at Retirement
Zero to 2,000	18 days (144) per year	100.0% of value based on employee's hourly rate of pay.
More than 2,000 up to 2,500	12 days (96) per year	100.0% of value based on employee's hourly rate of pay.
More than 2,500	6 days (48) per year	100.0% of value based on employee's hourly rate of pay.

Employees covered by this Program may terminate participation in the State insurance group and enroll in a postretirement employer's health insurance benefits, then return to utilize the value of the SLB to pay for 100.0% of the health, dental, and/or life insurance premiums for any insurance carrier's policy. If a member leaves the State insurance group, they may not return to the group plan and must pay the premiums to the insurance carrier of their choice and request reimbursement from the employing agency at the time of retirement. Covered employees may also return to State employment, other than Peace Officers' Retirement System covered employment, and utilize the SLB to pay for the employee portion of a State group premium.

Employees may use the SLB for the purchase of life insurance (term, whole life, or universal life) with a face value up to the value of the State life insurance carried by the employee at the time of retirement. Limits presently in place are maximums of \$50,000 face value for officers covered by the SPOC CBA and \$100,000 face value for supervisory peace officers.

If a covered employee predeceases his or her spouse, the remaining value of the SLB is transferable for the continued payment of premiums for the surviving spouse and any remaining dependents. The Program for retired peace officers only ceases when the SLB is exhausted.

The DPS current SLB liability¹⁵ is unfunded as no trust or fiduciary account exists to accumulate funds for the liability. The DPS does receive a General Fund appropriation of approximately \$280,000 to pay a portion of the annual premiums. The balance of those premiums is paid from operating appropriations of the divisions. The DPS pays the health, dental, and life insurance premiums as they become due to the State group carrier, or reimburses retirees' the cost of premiums as claims are submitted.

The DNR funds the liability of retiring officers at the time of retirement by transferring, from the operating account to a fiduciary fund in DAS, the full value of each retiree's sick leave bank. The majority of officers of the DNR that are eligible to participate in the Program are conservation officers and are funded from the Fish and Game Trust Fund.

The SLIP and SLB participation rates, current liability value of banked sick leave, and the cost of annual premiums as of June 30, 2014, are reflected in **Table 5**.

¹³ See the Fiscal Topic "[Department of Public Safety - Peace Officer Sick Leave Benefits](#)" published July 2013.

¹⁴ The initial value of the Sick Leave Bank is equal to the number of hours at retirement multiplied by the employee's regular hourly rate of pay at retirement. No cash payout of \$2,000 is provided to retirees utilizing the SLB for peace officers.

¹⁵ Current SLB liability equals the value of the sick leave bank of retired employees that remains unused and available for the payment of premiums at some point in the future. For Public Safety and Natural Resources, 100.0% of the value will be utilized at some point in the future. See **Table 5**.

Table 5

Department	# of Retired Participants	Value of Sick Leave Available for Use	Current SLB Liability	FY14 Premiums Paid (All Funds)
Public Safety	114	N/A	\$7.1 million	\$ 825,065
Natural Resources	62	N/A	\$2.3 million	\$ 418,611
SLIP Retirees	943	\$23.2 million	N/A	\$7,345,291
Total	1,119	\$23.2 million	\$9.4 million	\$8,588,967

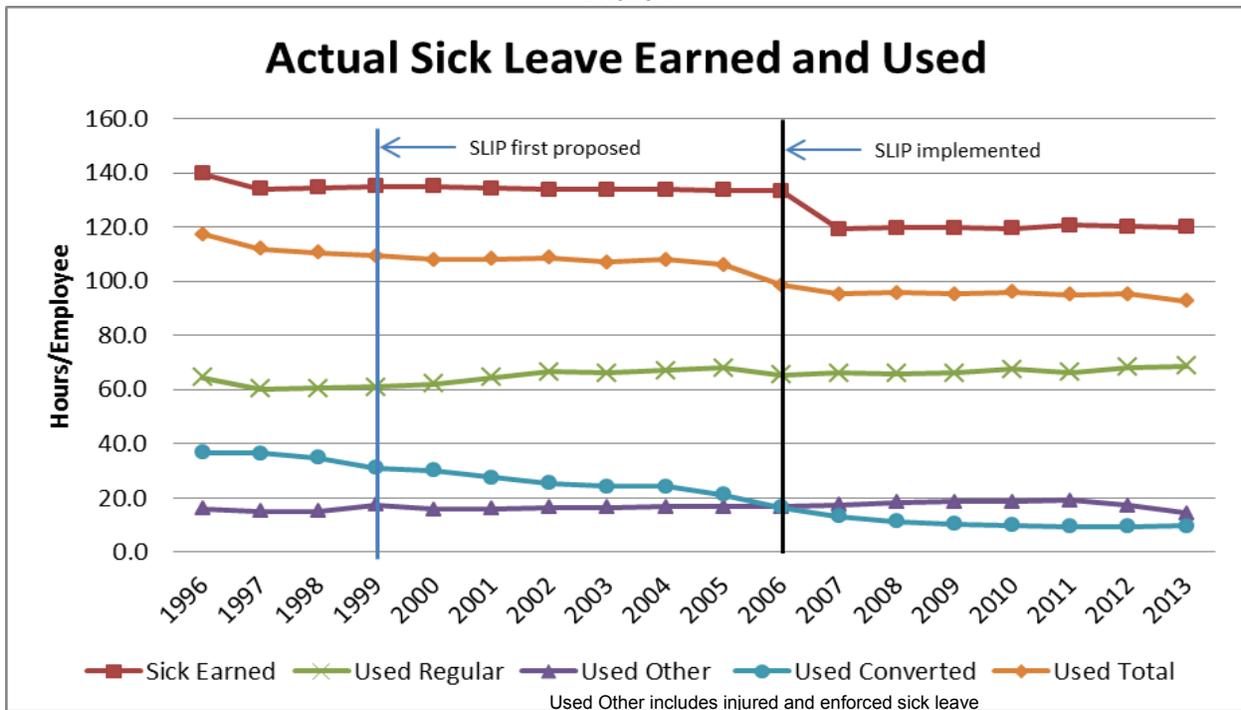
Notes:

- Premiums paid for Public Safety and Natural Resources officers include 100.0% of health, dental, and/or life insurance. SLIP participants may utilize the value of sick leave to pay the State's share of health insurance premiums only.
- As much as 50.0% of the value of sick leave available to SLIP participants is unused because the participant reaches the age of 65, returns to State employment, becomes covered by a spouse's health insurance plan, or passes away before the full value of sick leave is utilized.

SICK LEAVE ACCRUAL AND USAGE

The earliest fiscal year with detailed payroll information sufficient for analysis is FY 1996. Since that time, the accruals and usage of sick leave have changed considerably. Some changes are linked to the implementation of the SLIP Program and other changes, determined by the behavior of the employees, appear to run contrary to what one might presume when considering the benefits of the SLIP policies. The change in sick leave accruals and usage can be seen in **Chart 1**.

Chart 1



The average annual rate of sick leave accrued among all centralized payroll and DOT employees has dropped from a high of nearly 140.0 hours per employee, per year in FY 1996 to just under 120.0 hours per employee, per year in FY 2013.¹⁶ This change in accruals is almost entirely attributable to the change in accrual rates implemented under the SLIP in the CBAs and

¹⁶ Comparing by bargaining unit produces a more accurate result. The difference in hours was generated by comparing average annual hours of sick leave accrued for all years prior to SLIP to the average annual hours of sick leave accrued for all years subsequent to SLIP.

Iowa Code section [70A.1](#). The annual value of the reduction in sick leave accruals is estimated at \$9.6 million, calculated by multiplying the average hourly rate of each bargaining unit by the change in sick leave hours accrued in each bargaining unit.¹⁷

Employees are permitted under each of the CBAs and Iowa Code Section [70A.1\(7\)](#) to convert sick leave to vacation at differing rates dependent upon the employee's number of accrued and unused hours of sick leave. The average annual rate of conversion of sick leave has declined in a fashion similar to the reduction in sick leave accrual over the same time period. The conversion rate has dropped from a state-wide average high of 36.65 hours per employee, per year in FY 1996 to 9.60 hours per employee, per year in FY 2013. The estimated annual value of the reduction in sick leave not converted to vacation is \$11.5 million.

Declining sick leave conversion is a predictable change in behavior given the benefit derived from the SLIP. As can be seen in **Chart 1**, the conversion of sick leave had begun to decline before the SLIP was first offered in 1999. A possible explanation for changes in behavior prior to the SLIP is that the first attempt at negotiating the Program in 1999 may have raised awareness of the potential value of banked sick leave. The trend of reducing the number of hours converted to vacation continued beyond the inception of the SLIP, leveling off after 2010. The total decline in conversion from FY 1996 through FY 2013 was 73.8%.

Sick leave usage, other than that converted, has remained somewhat static over the same period. Usage has increased from an average 80.5 hours per employee, per year pre-SLIP¹⁸ to an average 84.73 hours per employee per year post-SLIP. Data is available for each of the bargaining units¹⁹ in the centralized and DOT payroll systems. The average sick leave usage per employee in each unit, excluding conversion to vacation, is reflected in the first three columns of **Table 6**.

As a result of reduced accruals and conversion rates, and slightly increased usage of regular sick leave, the system-wide average sick leave balance has declined pre-SLIP compared to the average balance post-SLIP by nearly 7.9 hours per employee, even though the average age and average length of service for the workforce have increased post-SLIP. The average age is up by one and a half years and the average length of service is up nearly five months.

When focusing on those employees between the ages of 55 and 64 that benefit most immediately from the SLIP, the average sick leave balance is down more markedly. The average pre-SLIP balance was 749.17 hours. Post-SLIP the average balance has dropped to 713.49, down more than 35.6 hours per person,²⁰ or 4.75%.

¹⁷ Changes in sick leave accrual and hourly wages differed between bargaining units sufficiently enough that applying a system-wide wage to a system-wide change in accrual altered the estimated value by nearly 7.4%, or inflating the estimate by more than \$800,000.

¹⁸ Data for pre-SLIP years is from FY 1996 through FY 2006. Data for post-SLIP is from FY 2007 through FY 2013.

¹⁹ A list of bargaining units can be found in the DAS [HRIS Table of Codes](#). For the purposes of this *Issue Review* all employees not covered by a collective bargaining agreement were combined into one unit titled "noncontract."

²⁰ Source: Actual payroll for persons aged 55 to 64 on the final paycheck of the fiscal year.

Table 6

Bargaining Unit	Sick Leave Used		% Change	Sick Leave Converted		% Change	Total Sick Leave Used		% Change
	Pre-SLIP	Post-SLIP		Pre-SLIP	Post-SLIP		Pre-SLIP	Post-SLIP	
SPOC	32.35	23.99	-25.5%	0.85	0.74	-12.94%	33.19	24.73	-25.49%
AFSCME - Clerical	99.92	104.48	+4.56%	22.77	8.95	-60.69%	122.69	113.42	-8.17%
AFSCME - Technical	97.66	100.87	+3.28%	23.07	8.11	-64.85%	120.73	108.98	-9.73%
AFSCME - Blue Collar	93.46	94.81	+1.44%	21.22	6.65	-68.67%	114.69	101.45	-11.54%
AFSCME - Security	91.82	106.47	+15.96%	18.7	5.23	-72.03%	110.53	111.71	+1.07%
AFSCME - Fiscal and Staff (F&S)	74.32	81.54	+9.71%	40.03	15.42	-61.48%	114.35	96.96	-15.16%
AFSCME F&S Field	69.38	74.49	+7.36%	44.13	14.76	-66.55%	113.51	89.25	-21.81%
AFSCME Patient Care	87.85	100.65	+14.57%	23.36	5.23	-77.61%	111.21	105.89	-4.78%
IUP - Social Services	88.03	95.47	+8.45%	21.46	7.77	-63.79%	109.32	103.47	-5.35%
IUP - Income Maint.	86.14	100.88	+17.11%	27.19	9.71	-64.29%	113.19	110.99	-1.94%
IUP - Science	56.52	62.88	+11.25%	44.13	21.49	-51.30%	100.65	84.37	-16.17%
PPME	86.00	85.34	-0.70%	37.61	14.61	-61.15%	123.60	99.95	-19.13%
Noncontract	60.14	62.83	+4.47%	39.73	15.22	-61.69%	99.87	78.05	-21.85%
All Employees	80.80	84.44	+4.50%	28.15	10.55	-62.52%	108.95	94.99	-13.96%

Sick leave usage for reasons other than conversion to vacation increased almost universally. Only SPOC and PPME experienced any decline in usage, and AFSCME Security usage increased nearly 16.0%. The number of underlying forces influencing employee decisions on sick leave conversion and usage are numerous and likely run the range of personal and professional to social and economic. The conversion of sick leave to vacation on a 3 for 1 basis has been reduced considerably as an outcome of the SLIP, as is reflected in **Table 6**.

The SLIP-covered employees utilize sick leave at a ratio of 3.51/1 compared to employees covered by the SPOC SLB Program. Despite sick leave accrual rates that are more generous than those of SLB covered employees, the SLIP-covered employees have an average sick leave balance just less than half of SLB employees. Possible contributors to these differences are that the peace officers as a group could be healthier due to fitness requirements, are younger by nearly seven years on average, less likely to be a female utilizing maternity leave (6.1% vs. 52.3%), and the fact that most are not required to use sick leave when injured on the job.²¹

Another possible explanation for a portion of the increased regular sick leave usage may be related to reduced staffing levels or increased workload. Units with the greatest increase of regular sick leave usage are AFSCME Security and UE-IUP Income Maintenance.

AFSCME Security, as an example, is comprised primarily of correctional officers (77.2%) and increases in offender populations have outpaced the growth in the number of officers. Over the period FY 1989 through FY 2013, the offender population increased from 3,322 to 8,081, an increase of 143.3%. At the same time, the number of officers increased from 857 to 1,423, an increase of 66.0%. As a result, the offender to officer ratio has increased from 3.88/1 to 5.68/1. The increased offender to officer ratio may be resulting in issues such as approving officers' requests for vacation, and perhaps culminating in an increased incidence of sick leave usage.

SICK LEAVE AT RETIREMENT

A review of actual payroll data for FY 1996 through year-to-date FY 2015 revealed that the average age at retirement has not changed significantly, decreasing to 61.95 years of age before the enactment of the SLIP compared to an average age of 61.53 years after enactment of the SLIP. During the same period, the average accrued and unused sick leave balance increased from 628.6 hours before the enactment of the SLIP to 729.2 hours after enactment of the SLIP.

²¹ Iowa Code section 80.8(4) provides that an officer of the Department of Public Safety that is incapacitated for duty as result of an injury sustained in the line of duty is entitled to the officer's fixed pay and allowances without using personal sick leave.

Of the 5,772 SLIP-qualified²² employees that retired since its enactment, a total of 2,710 (46.9%) were not eligible because they had already reached the age of 65 (1,489); or they had a sick leave balance valued at \$2,000, or less (1,221). The 3,062 retirees that received a SLIP benefit had an average sick leave bank of 1,060 hours valued at an average of \$27,396. A total of 74 SLIP retirees had an estimated sick leave bank valued at more than \$100,000.²³ The total value of the sick leave bank for these 74 retirees was \$9.7 million. The utilization of this sick leave bank is estimated at \$4.6 million, or slightly over 47.0%. The residual value has been, or will be forfeited. Four of these retirees had a sick leave bank with a value estimated at \$652,140 and utilized \$58,457, or 9.0% of the accumulated value.

Comparatively, for FY 1996 through FY 2006, a total of 3,953 employees retired, excluding those retiring under the early retirement program of 2001, 2002, and 2004. Of those retirees, 2,074 (52.5%) would not have been eligible for the SLIP because they had already reached the age of 65 (862); or they had a sick leave balance valued at \$2,000, or less (1,212). The remaining 1,879 retirees, that would have qualified for the SLIP, had a sick leave bank of 936 hours with an average value of \$14,375.

THE NATIONAL SCENE

The accrual rates for sick leave and personal leave, the uses of sick leave banks, limitations on accrual, and the benefits available to State employees at retirement with regard to health insurance, are quite varied.

This *Issue Review* does not include a comprehensive review of the benefits available to state employees across the country. Rather, it does summarize whether states allow the use of sick leave banks to pay insurance premiums, pay some level of cash for an employee's accumulated sick leave, or convert sick leave to creditable service at retirement. Additionally, this *Issue Review* provides a summary by state indicating whether all or a portion of health insurance costs for retirees is paid by the state, regardless of an employee's accumulated leave balances. (See **Table 7** and **Appendix A**.)

Nationally, the average number of days of sick leave accrued by state employees is 14 days per year, and the most common accrual rate among the 50 states is 12 days of sick leave per year. The accrual rate in several states is based on length of service. For example, in Nebraska, a new employee accrues 12 days per year and an employee with 19 or more years of service accrues 30 days per year. However, Nebraska has one of the least generous sick leave at retirement policies, allowing employees to "cash out" 25.0% of unused sick leave.

In Alabama, employees accrue 12 days of sick leave per year with a limit of 1,200 hours on accrued and unused sick leave. However, Alabama permits retiring employees to cash out 50.0% of unused sick leave, up to the 1,200 hour limit and pays up to 100.0% of postretirement health insurance premiums for the life of the retiree depending on length of service.

Many states with less generous sick leave accrual rates provide short-term (typically fewer than 90 days) disability insurance to State employees. Those states with more generous sick leave accrual rates require employees to utilize sick leave to cover short-term disabilities.

Thirty-nine states pay for all, or a portion of, retired employees' health insurance independent of accumulated and unused sick leave, while 10 states permit retiring employees to convert sick leave to a pool of money to pay insurance premiums. There are 29 states that permit retirees to

²² Excludes employees who retired under the SERIP program and peace officer employees covered by the SPOC sick leave bank.

²³ Calculated by multiplying the actual sick leave balance by the hourly rate of pay at retirement.

convert sick leave to cash and 23 states that allow conversion of sick leave to creditable service for the purposes of increasing the retiree’s pension benefit. **Table 7** provides a summary of permissible uses of sick leave at retirement across the country and **Appendix A** provides a more comprehensive comparison of the states regarding accrual rates, uses, and limits. All states but one provide for some compensation of unused sick leave at retirement. Vermont does not allow for compensation for unused sick leave but does pay up to 80.0% of the monthly premium for retiree health insurance.

Table 7

Convert All or Part of Unused Sick Leave to a Bank to Pay Insurance Premiums	Convert All or Part of Unused Sick Leave to Cash at Retirement	Convert All or Part of Unused Sick Leave to Creditable Service under the Retirement System	State Payment of All or Part of Insurance Premiums Independent of Sick Leave Balances
Idaho, Iowa, Minnesota, Montana, Nevada, New York, Utah, Washington, West Virginia, and Wisconsin (10)	Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Ohio, Pennsylvania, Rhode Island, South Dakota, Utah, Washington, West Virginia, and Wyoming (29)	Alabama, Alaska, California, Georgia, Hawaii, Illinois, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, New Hampshire, New York, North Carolina, North Dakota, Oregon, South Carolina, Tennessee, Texas, Utah, and Virginia (23)	Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, and Virginia (39)

Source: Legislative Services Agency - David Heuton

CONCLUSIONS

More than 4,100 State of Iowa employees have taken advantage of the early retirement incentive programs offered since 1988. Of the positions that were vacated as a result, more than 1,400 were eliminated. Costs associated with the early retirement incentive programs were relatively easily identified, while determining the true savings may be impossible due to lack of information and changes in the workforce. Early retirement incentive programs can assist departments with the management of tight operating budgets and the avoidance of layoffs.

The implementation of the SLIP has decreased aggregate sick leave accruals and usage. Statewide, accruals have decreased by 14.1% and usage has declined by nearly 21.0%. The primary cause in reduced usage can be attributed to reduced conversion of sick leave to vacation. However, the usage of sick leave for other purposes has increased more than 5.2% over time, leaving the average balance of unused sick leave relatively unchanged.

The SLB program for peace officers is long established and the behaviors related to the usage of sick leave of these employees are markedly different than the behavior SLIP-covered employees. The SLIP is still relatively new and it is unclear if the behavior of SLIP-covered employees will ever mirror that of the peace officers covered by the SLB. Insufficient data exists to draw conclusions regarding behavior change related to sick leave usage over time between bargaining units, or within a single bargaining unit after the implementation of SLIP.

There are advantages to converting sick leave for the payment of health insurance premiums for both the employee and the employer. When the value of the sick leave is paid to the retiree in cash, the employee and the employer are required to pay Social Security and Medicare taxes. The employee also pays state, federal, and perhaps local income taxes. Conversion to pay health insurance under a plan that meets the requirements of Section 125 of the Internal Revenue Code avoids these tax consequences for both employee and employer.

STAFF CONTACT: David Heuton (515-725-0509) david.heuton@legis.iowa.gov

Appendix A
Sick Leave Permissible Uses at Retirement by State

State	Maximum Accrual per Year	Conversion for Insurance	Conversion to Cash	Conversion for Service (Pension)	Insurance Premium Payment
Alabama	Accrue 13 days per year. Limit of 1,200 hours banked. Ala. Admin. Code, 670-X-14	Not Applicable or Unknown.	50.0% of up to 1,200 hours at hourly rate of pay. Ala. Code § 36-26-36	Tier 1 Plan members may convert 50.0% of leave, up to a maximum of 180 days. Ala. Code § 36-26-36.1	Up to 100.0% of premium paid by State based on years of service. No sick leave bank required. Ala. Code §§ 36-29-19.7 through 19.9
Alaska	Accrue 15 days per year. No limit on hours banked. Alaska Admin. Manual 280.020	Not Applicable or Unknown.	Not Applicable or Unknown.	May be used for service credit on a day-for-day basis where 172 days = one year of service. Alaska Dept. of Admin. website (last visited 9/29/2014)	AlaskaCare provides a post-employment insurance plan payment of qualified expenses beginning at 80.0% of the first \$4,000, then generally 100.0% of covered medical expenses after minimal deductibles are met. Medicare enrollment required at age 65. Maximum lifetime benefit of \$2.0 million. Alaska PERS Retiree Insurance Booklet (Revised July 2014)
Arizona	Accrue 12 days per year. No limit on hours banked. Arizona Employee Handbook p. 19	Not Applicable or Unknown.	Up to 50.0% of 1,500 hours not to exceed \$30,000. Ariz. Rev. Stat. § 38-615	Not Applicable or Unknown.	The level of premium assistance is dependent upon years of credited service, plan enrollment, and Medicare eligibility. Maximum premium assistance is \$170.00/month for those under age 65 and \$215.00/month for Medicare eligible retirees. 2014 Retiree Group Insurance Enrollment Guide (see p. 54 for basic premium assistance amounts)
Arkansas	Accrue 12 days per year. Limit of 960 hours banked. Ark. Code § 21-4-207	Not Applicable or Unknown.	Up to 80.0% of the value of sick leave not to exceed \$7,500. Ark. Code § 21-4-501	Not Applicable or Unknown.	A post-employment insurance plan provides a state contribution and plan contribution reducing the retiree cost of premiums by as much as 47.0%. Contributions are dependent on plan selected and Medicare eligibility. 2014 ARBenefits Summary Plan Description and ARBenefits State Retiree website (last visited 10/1/2014)
California	Accrue 12 days per year. No limit on hours banked. Cal. Govt. Code § 19859	Not Applicable or Unknown.	Not Applicable or Unknown.	On retirement unused sick leave converted to service credit at the rate of 500 hours of sick leave to one quarter of service credit. Cal. Govt. Code § 20963	Employees vested after five years of credited service are eligible for lifelong health and dental benefits after retirement. Cal. Govt. Code § 22940 et seq.
Colorado	Accrue 10 days per year. Limited to 360 hours banked. Colorado Employee Handbook p. 12-13 (last visited 9/29/2014)	Not Applicable or Unknown.	25.0% of the value of sick leave up to 360 hours. Colorado Employee Handbook p. 12-13 (last visited 9/29/2014)	Not Applicable or Unknown.	A post-employment insurance plan providing a monthly state subsidy for insurance premiums of \$230.00 for retirees under age 65 and \$115.00 per month for Medicare enrollees. Funded through employer/employee contributions as part of the retirement system. PERACARE 2014 Health Benefits Program, and Colorado PERA law summary, pp. 100-101
Connecticut	Accrue 15 days per year. No limit on hours banked. Conn. Gen. Stat. § 67-5-247	Not Applicable or Unknown.	25.0% of the value of sick leave up to 240 hours, or the equivalent of 60 days of pay. Conn. Gen. Stat. § 67-5-247	Not Applicable or Unknown.	Employees contribute 3.0% of salary for 10 years towards retiree health insurance. State then pays up to 100.0% of retiree health insurance premium for life. Dependent on age (penalty for early retirement), insurance plan enrollment, and participation in a wellness program. Retirees' Health Care Options Planner 2013-2014 and Revised 2011 Agreement between the State of Conn. and State Employees Bargaining Agent Coalition

State	Maximum Accrual per Year	Conversion for Insurance	Conversion to Cash	Conversion for Service (Pension)	Insurance Premium Payment
Delaware	Accrue 15 days per year. No limit on hours banked. Del. Merit Rule 5.3	Not Applicable or Unknown.	50.0% of the value of sick leave up to 360 hours at retirement or lay-off. Del. Merit Rule 5.3.4	Not Applicable or Unknown.	State pays as much as 100.0% of Medicare supplement premiums dependent on years of creditable service and as much as 96.0% of pre-Medicare premiums dependent on retirement date and plan selected. Del. Code Title 29, § 5201
Florida	Accrue 13 days per year. No limit on hours banked. AR 60L-34.0042	Not Applicable or Unknown.	25.0% of the value of sick leave at retirement, or death, up to 480 hours. Fla. Stat. Ann. § 110.122	Not Applicable or Unknown.	State provides a monthly subsidy payment to retired members to assist with the costs of health insurance. The subsidy is \$5.00 for each year of service. Subsidy may not be less than \$30.00, nor more than \$150.00 per month. Fla. Stat. Ann § 112.363
Georgia	Accrue 15 days per year. Limited to 720 hours banked. Georgia Rules and Regs Rule 478-1-.16(7)	Not Applicable or Unknown.	Forfeited annual leave, forfeited sick leave and accrued unused sick leave may be converted to creditable service if the employee has at least 960 hours. Conversion is one month of service for each 160 hours. Employee's Retirement System Plan Guide, p. 9	May be used for service credit for retirement up to 90 days, plus up to 120 days of forfeited leave (total 1,680 hours). Georgia Rules and Regs., Rule 513-1-1-.02	Employees eligible to draw a retirement annuity are entitled to post-employment health insurance. Retiree premiums are based on plan election, dependent coverage, and Medicare eligibility and election. State contribution rate is based on years of service at retirement with a maximum contribution of 75.0% with 30, or more years. Report of the Actuary on the Retiree Medical Valuations, June 30, 2012, pp. 26-27 Ga. Code Ann. § 45-18-24 et seq.
Hawaii	Accrue 21 days per year. No limit on hours banked. State Employee Handbook, p. 2 (last visited 10/8/2014) .	Not Applicable or Unknown.	Not Applicable or Unknown.	Converted to service credit for retirement where 20 days = one month of service. Must have at least 60 days unused sick leave. Employee's Retirement System Handbook, p. 2	For employees hired before 7/1/2001 and retired with 25 years of service the State pays 100.0% of the insurance premium. Retired with 15 or more years of service the State pays 75.0% of the premium. See Health Benefits Trust Fund Retirement Benefits Information as authorized by Haw. Rev. Stat. ch. 87A
Idaho	Accrue 12 days per year. No limit on hours banked. Idaho Code Ann. § 67-5333	50.0% of the value of sick leave, not to exceed the value of 600 hours, is paid to a retirement account to pay premiums. Idaho Code Ann. § 67-5333	Not Applicable or Unknown.	Not Applicable or Unknown.	Not Applicable or Unknown.
Illinois	Accrue 12 days per year. No limit on hours banked. 2012-2015 agreement State of Illinois and AFSCME, Article XXIII	Not Applicable or Unknown.	50.0% of the value of unused sick leave upon separation. 2012-2015 agreement State of Illinois and AFSCME, Article XXIII	Persons becoming a member of the system prior to June 1, 2014 may service credit for retirement up to 180 days. 40 ILCS 5/14-106	Retirees with 20 or more years of service contribute 2.0% to 4.0% of the retiree's monthly annuity from the retirement system toward cost of insurance. Additionally, retirees with fewer than 20 years of service must contribute 5.0% per year of service less than 20 years toward the cost of insurance premiums. 5 ILCS 375
Indiana	Accrue 8.44 days per year. No limit on hours banked. 31 IAC 5-8-3	Not Applicable or Unknown.	Up to 50.0% of leave to a maximum value of \$5,000. 31 IAC 5-10-4	Not Applicable or Unknown.	Annual contributions based on age plus a one-time contribution of \$1,000 for each year of service to a retiree medical benefits account (e.g. an employee with 30 years of service retiring at age 55 would accumulate \$58,500 in employer contributions). The account may be used for the reimbursement of insurance premiums after retirement. Ind. Code § 5-10-8.5-1 et seq.
Iowa	Accrue between 6 and 18 days per year dependent on balance. No limit on banked hours. Iowa Code § 70A.1	Up to 100.0% of the value of the sick leave bank to pay employee share of premiums until ineligible. Iowa Code § 70A.23	Lesser of 100.0% and \$2,000. Prior to calculation of sick leave bank. Iowa Code § 70A.23	Not Applicable.	Not Applicable.

State	Maximum Accrual per Year	Conversion for Insurance	Conversion to Cash	Conversion for Service (Pension)	Insurance Premium Payment
Kansas	Accrue 12 days per year. No limit on hours banked. Kansas State Employment Center website (last visited 10/3/2014)	Not Applicable or Unknown.	Compensation for up to 60 days (480 hours) depending on years of service. Cash payment included for calculation of pension benefits. Kan. Stat. § 75-5517	Not Applicable or Unknown.	Not Applicable or Unknown.
Kentucky	Accrue 12 days per year. No limit on hours banked. 101 KAR 2:102	Not Applicable or Unknown.	Not Applicable or Unknown.	For employees hired prior to 1/1/2014 unused sick leave may be used for service credit for retirement up to six months (total 1,040 hours). Ky. Rev. Stat. § 61.546	Those employed prior to 7/1/2003 receive a percentage of the premium based on years of service with over 20 years entitled to 100.0% subsidization. For members employed after 7/1/2003, and in non-hazardous occupations a state contribution of \$10.00 per month for each year of credited service. Members employed in hazardous occupations are entitled to \$15.00 per month of credited service. Ky. Rev. Stat. § 61.702
Louisiana	Accrue between 12 and 24 days per year depending on years of service. No limit on hours banked. Executive Order BJ 08-64	Not Applicable or Unknown.	Not Applicable or Unknown.	May convert to service credit for retirement on a day-for-day basis with no limit. Or, may take a lump sum payment that is an actuarial equivalent of the additional pension benefit that would have been received if converted to a service credit. La. Rev. Stat. § 11:424	Retired employees are eligible, without limitation, for subsidized health insurance through the State Employee Group Benefits Program. State share of premiums ranges between 19.0% and 75.0% depending on years of service. Employees with 20 or more years of service are entitled to a state share of 75.0% Office of Group Benefits website (last visited on 10/3/2014) as authorized by La. Rev. Stat. § 42:851
Maine	Accrue 12 days per year. Limited to 720 hours banked. Me. Rev. Stat. Title 5, §16	Not Applicable or Unknown.	Not Applicable or Unknown.	May be used for service credit for retirement up to the 90 day limit. Me. Rev. Stat. Title 5, § 17756	For persons employed prior to 7/1/91 the State will pay 100.0% of the premium. For persons employed after 7/1/91 the State will pay between 50.0% and 100.0% of the premium based on years of participation in the plan. Me. Rev. Stat. Title 5, § 285(2)(H)
Maryland	Accrue 15 days per year. No limit on hours banked. Md. Code § 9-502	Not Applicable or Unknown.	Sick Leave Incentive Program pays cash for up to 56 hours of unused sick leave annually. Md. Code § 9-1203	Converted to service credit for retirement on a day-for-day basis with no limit. Md. Code § 20-206	For Maryland State Retirement System members hired prior to 7/1/2011 with 16 or more years of service, a state health insurance subsidy up to 85.0%. For those hired after 7/1/2011 with 25 years of service, a state health insurance subsidy up to 85.0%. State of Maryland - Guide to Health Benefits January 2014-December 2014 p.10
Massachusetts	Accrue 15 days per year. No limit on hours banked. State Human Resources Manual, Section 5, p. 93	Not Applicable or Unknown.	Compensation for 20.0% of accumulated and unused sick leave. Mass. Gen. Laws Ch. 29, § 31A	Retirement credit of one month is allowed for each 20 days of unused sick leave at retirement. State Human Resources Manual, Section 5, p. 97	The State pays no less than 75.0% of the total monthly premium on behalf of retired employees. Mass. Gen. Laws Ch. 32A § 8
Michigan	Accrue 13 days per year. No limit on hours banked. Civil Service Regulation 5.10	Not Applicable or Unknown.	If hired before 10/1/80 compensation on up to 50.0% unused sick leave at regular rate of pay. If hired after 9/30/80 there is no cash benefit. Civil Service Regulation 5.10	Not Applicable or Unknown.	The state pays 100.0% of the State Health Plan PPO if the retiree is Medicare covered and 80.0% if the retiree is without Medicare. FY 2014-2015 Group Insurance Premium Rates - Retirement Mich. Comp. Laws §§ 15.561 through 15.569

State	Maximum Accrual per Year	Conversion for Insurance	Conversion to Cash	Conversion for Service (Pension)	Insurance Premium Payment
Minnesota	Accrue 13 days per year. No limit on hours banked. 2013-2015 State of Minn. - AFSCME contract, Art. 9, Section 2	100.0% of unused sick leave converted to a health care savings account. 2013-2015 State of Minn. - AFSCME contract, Art. 18, Section 9	Not Applicable.	Not Applicable or Unknown.	An employee under the age of 65, who retires with at least 3 years of continuous service is eligible for the employer contribution to health and dental insurance premiums. 2013-2015 State of Minn. - AFSCME contract, Art. 2, Section 4 as authorized by <i>Minn. Stat. § 43A.24</i>
Mississippi	Accrue up to 12 days per year. No limit on hours banked. <i>Miss. Code Ann. § 25-3-95</i>	Not Applicable or Unknown.	Not Applicable or Unknown.	Converted to service credit for retirement on a day-for-day basis for up to 6,160 hours (when combined with unused vacation) <i>Miss. Code Ann. § 25-11-109 & PERS Member Handbook Appendix B</i>	Not Applicable or Unknown.
Missouri	Accrue 15 days per year. No limit on hours banked. 1 CSR 20-5.020	Not Applicable or Unknown.	Not Applicable or Unknown.	Converted to service credit for retirement on a day-for-day basis. No limit placed on unused leave converted. <i>Mo.Rev.Stat. § 104.601</i>	Subsidized retiree health insurance provided. State subsidy = 2.5% for each full year of service with a maximum subsidy of 65.0% at 26 years of service. <i>Mo.Rev.Stat. Chapter 103 and 22 CSR 10-2</i>
Montana	Accrue 12 days per year. No limit on hours banked. <i>Mont. Code Ann. § 2-18-618</i>	Employees may annually convert sick leave in excess of 240 hours to a health care expense trust account valued at the hourly rate of pay when converted. <i>Mont. Code Ann. § 2-18-618</i>	Not Applicable or Unknown.	Not Applicable or Unknown.	Not Applicable or Unknown.
Nebraska	Accrue between 12 and 30 days per year based on length of service with a maximum bank of 1,440 hours. Title 273 NAC § 10.005 (p.46)	Not Applicable or Unknown.	Compensation for 25.0% of accumulated and unused sick leave. Title 273 NAC § 10.005.04 (p.47)	Not Applicable or Unknown.	Not Applicable or Unknown.
Nevada	Accrue 15 days per year. Limit of 720 hours banked. Excess becomes "special sick". <i>Nev. Rev. Stat. § 284.355</i>	Value of unused sick leave in excess of 30 hours on a sliding scale between \$2,500 and \$8,000 based on years of service, or 50.0% of the sum of "special sick" plus 120 hours. <i>Nev. Rev. Stat. § 284.355</i>	In lieu of advance payment of premiums the employee may opt for a lump sum valued in the same manner. <i>Nev. Rev. Stat. § 284.355</i>	Not Applicable or Unknown.	The State provides subsidized health insurance for all retirees based on years of service. Employees with 15 years of service receive the base rate as established by the Legislature. For each year of service less than 15, the portion paid is reduced by 7.5% of the base rate. For each year of service in excess of 15, the portion is increased by 7.5% of the base rate. <i>Nev. Rev. Stat. § 287.043 et seq.</i>
New Hampshire	Accrue 15 days per year. Limit of 960 hours banked. State Employee Association 2013-2015 CBA, Article 11	Not Applicable or Unknown.	Payment for 1/3 of unused sick leave not to exceed 60 days. State Employee Association 2013-2015 CBA, Article 11	May elect an annuity adjustment in lieu of cash payout.	The State currently pays for 87.5% of a single, or retiree/spouse health insurance plan for retirees not Medicare eligible and 100.0% of a Medicare supplement for the life of the retiree and/or spouse. <i>N. H. Rev. Stat. Title I § 21-1:30</i>
New Jersey	Accrue 15 days per year. No limit on hours banked. <i>N.J.A.C. 4A:6-1.3 (2014)</i>	Not Applicable or Unknown.	Compensation for 50.0% of accumulated and unused sick leave, maximum of \$15,000 pay out. <i>N.J.A.C. 4A:6-3.1 through 3.5 (2014)</i>	Not Applicable or Unknown.	State Health Benefits Program (SHBP) provides full, or partial State paid health/dental insurance benefits with age and years of service requirements. Retiree share is a minimum of 1.5% of retirement allowance. SHBP Summary Program Description

State	Maximum Accrual per Year	Conversion for Insurance	Conversion to Cash	Conversion for Service (Pension)	Insurance Premium Payment
New Mexico	Accrue 12 days per year. No limit on hours banked. 1.7.7.10 NMAC	Not Applicable or Unknown.	May annually be paid 50.0% for unused sick leave in excess of 620 hours, limited to 120 hours. At retirement may be paid 50.0% of unused leave in excess of 600 hours, up to 400 hours. <i>N.M. Stat. Ann. § 10-7-10</i>	Not Applicable or Unknown.	The Retiree Health Care Act provides subsidized health care after retirement. Costs are shared between the employer and employee. N.M. Stat. Ann. Article 7C
New York	Accrue 12 days per year. Limit of 1,200 hours banked. State Human Resources manual, Section 5	Up to 200 days at rate of pay at retirement divided by life expectancy for monthly premium reimbursement. New York State Employee Pre-retirement Self-help Guide, Chapter 10 (last visited 9/30/2014) formula	Not Applicable or Unknown.	Conversion of up to 200 days at rate of pay at retirement. <i>N.Y. Retirement & Social Security Statute § 41.i</i>	Retiree health insurance subsidized based on retirement date and salary grade at retirement. New York State Health Insurance Program (NYSHIP) website and 2014 Rates (last visited 9/30/2014)
North Carolina	Accrue 12 days per year. No limit on hours banked. 25 NCAC 01E.0301	Not Applicable or Unknown.	Not Applicable or Unknown.	Converted to service credit for retirement where 20 days = one month of service. State Human Resources Manual, Section 5, p. 97, Revised 1/1/ 2011	Medicare supplement insurance provided free of charge to employees retiring at age 65 or older. 100% of a single, non-Medicare policy for the retiree is provided free of cost. State Health Plan website rate sheets (last visited 9/30/2014)
North Dakota	Accrue 12 days per year. No limit on hours banked. <i>NDAC Rule 4-07-13-04</i>	Not Applicable or Unknown.	Must be paid 10.0% of unused sick leave at termination with at least 10 years of service. Office of Management & Budget website (last visited 9/30/2014)	Hours may be included service credit purchase where 173.3 hours = one month of service. Retiree cost is 15.26% of average final compensation. Retirement Plan Handbook, pp.14-15	The Retiree Health Credit program provides \$5.00 for every years of creditable service under NDPERS. NDPERS Retirement Kit
Ohio	Accrue 10 days per year. No limit on hours banked. <i>Ohio Rev Code § 124.382</i>	Not Applicable or Unknown.	May annually convert up to 80 hours of unused sick leave to cash at 80.0% of base pay. May convert 55.0% of unused sick leave at retirement to cash. <i>O.A.C. rule 123:1-32-08</i>	Not Applicable or Unknown.	Retired employees with at least five years of qualifying service are eligible for the reimbursement of qualified health care expenses from a Retiree Medical Account funded through a portion (4.5% of covered wages) of the employer contribution to the pension system. Ohio Public Employees Retirement System fact sheet (last visited 9/30/2014)
Oklahoma	Accrue 15 days per year. No limit on hours banked. 74 Okla. Stat. § 840-2.20	Not Applicable or Unknown.	Not Applicable or Unknown.	May convert up to 130 days (1,040 hours) to retirement service credit where 20 days = one month of creditable service. 74 Okla. Stat., § 913	The State will pay up to \$105 per month for retiree-only health insurance premiums. Must remain in the network. Okla. Public Employees Retirement System website (last visited 9/30/2014)
Oregon	Accrue 12 days per year. No limit on hours banked. <i>Statewide Policy # 60.000.01</i>	Not Applicable or Unknown.	Not Applicable or Unknown.	Monetary value of 50.0% of unused sick leave added to gross salary for calculation of average final salary. <i>Or. Rev. Stat. § 238.350</i>	Retirees under age 65 are entitled to a subsidization of insurance premiums. <i>Or. Rev. Stat. § 238.415 et seq.</i>
Pennsylvania	Accrue 13 days per year. Limited to 2,400 hours banked. Governor's Management Directive 505.7 Amended, Chapter 8	Not Applicable or Unknown.	Compensation for up to 161 days (1,288 hours) of unused sick leave at retirement. Governor's Management Directive 505.7 Amended, Chapter 8	Not Applicable or Unknown.	Employees pay 3.0% of their final average gross salary toward insurance premiums, the Retired Employees Health Program pays the remainder. Retirement Employees Health Program Benefits Handbook

State	Maximum Accrual per Year	Conversion for Insurance	Conversion to Cash	Conversion for Service (Pension)	Insurance Premium Payment
Rhode Island	Accrue 16.25 days per year. Limited to 1,000 hours accrual. State Employee Handbook (last visited 9/30/2014)	Not Applicable or Unknown.	Compensation of 50.0% unused sick leave above 468 hours up to 720 hours and 75.0% for all unused sick leave in excess of 720 hours up to the limit of 1,000 hours. 1988 Personnel Rules, rule 5.0626 (pp. 51-52)	Not Applicable or Unknown.	With 20+ years of creditable service and at minimum age of 59, the State will pay 80.0% of the retiree's selected health insurance plan. Office of Employee Benefits website (last visited 9/26/2014)
South Carolina	Accrue 15 days per year. Limited to 1,440 hours accrual. S.C. Code Ann. § 8-11-40	Not Applicable or Unknown.	Not Applicable or Unknown.	Converted to service credit for retirement where 20 days = one month of service. Limited to 90 days. South Carolina Public Employee Benefit authority website (last visited 9/26/2014)	Employees hired prior to 5/2/2008 are entitled to paid health insurance at retirement with a minimum 10 years of service. S.C. Code Ann. § 1-11-730
South Dakota	Accrue 14 days per year. No limit on hours banked. S.D. Codified Laws § 3-6C-7	Not Applicable or Unknown.	Compensation for 25.0% of unused sick leave up to 480 hours. State Employee Handbook p. 9 (Last visited 9/26/2014)	Not Applicable or Unknown.	Not Applicable or Unknown.
Tennessee	Accrue 12 days per year. No limit on hours banked. Tenn. Code Ann. § 8-50-802 (2014)	Not Applicable or Unknown.	Not Applicable or Unknown.	Converted to service credit for retirement where 20 days = one month of service. Tenn. Code Ann. § 8-34-604 (2014)	The State's program is self-funded. Until Medicare eligible, retirees may continue subsidized coverage. State Group Insurance Program 2014 Eligibility and Enrollment Guide, p. 11 The Medicare coverage includes two elements, a Medicare supplement policy and financial support based on the retiree's length of service. State Group Insurance Program 2012 Annual Report, p. 23
Texas	Accrue 12 days per year. No limit on hours banked. Tex. Gov. Code § 661.202	Not Applicable or Unknown.	Not Applicable or Unknown.	Converted to service credit for retirement where 160 hours = one month of service. Employee Retirement System website (last visited 9/26/2014)	The State generally pays 100.0% of retiree-only coverage for the pre-Medicare and Medicare supplement plans. Some retiree contribution required for family plans. Insurance Premium Rates - Rate Sheets
Utah	Accrue 12 days per year. No limit on hours banked U.A.C. R477-7-4	A portion of the unused sick leave bank remaining after the 401K contribution are used to pay monthly premiums at a rate of 8 hours of sick leave for one month's premium until exhausted. Utah Code § 67-19-14.2 and 14.4	At retirement it is mandatory that 25.0% of unused sick leave paid into 401K as an employer contribution, not to exceed Internal Revenue Service limits. U.A.C. R477-7-5		Employees retiring after 6/30/2000 are required to contribute specified amounts ranging from 0.0% to 31.6%. Utah 2013 Consolidated Annual Financial Report, p. 125 and Utah Code § 67-19-14.2 and 14.4
Vermont	Accrue between 12 and 21 days dependent on years of service. No limit on hours banked. CBA Art. 31	Not Applicable or Unknown.	Not Applicable or Unknown.	Not Applicable or Unknown.	State pays 80.0% of any medical plan offered to active State employees. Retiree share of 20.0% is deducted from pension benefit. 3 V.S.A. § 631
Virginia	Hired before 1/1/99 accrue 12 days per year. No limit on hours banked. Hired after 1/1/99 accrue 10 days per year. No carryover of unused balances from year to year. Va. Code	Not Applicable or Unknown.	Not Applicable or Unknown.	In lieu of compensation, an employee may elect to utilize the payment to purchase service credit. Va. Code § 51.1-142.2	The State pays a "Health Insurance Credit" as a dollar amount paid in addition to the retirement benefit. The Credit is \$4.00 for each year of service. A retiree with 30 years of creditable service would receive \$120.00 per month to assist with health insurance premiums. Va. Code § 51.1-1400

State	Maximum Accrual per Year	Conversion for Insurance	Conversion to Cash	Conversion for Service (Pension)	Insurance Premium Payment
Washington	Accrue 12 days per year. No limit on hours banked. W.A.C. 357-31-115	In lieu of compensation at retirement an employee may elect to convert sick leave, at a rate of 25.0%, to pay health insurance premiums. Wash. Rev. Code § 41 04-340	Annual opportunity for compensation equal to 25.0% of unused sick leave in excess of 480 hours. At retirement may elect compensation 25.0% of unused sick leave, or conversion. Wash. Rev. Code § 41.04.340	Not Applicable or Unknown.	Not Applicable or Unknown.
West Virginia	Accrue 18 days per year. No limit on hours banked. WV Employee Handbook, Section 7H	One month of single insurance coverage for every two days of unused sick leave. One month of family coverage for every three days of unused sick leave. W. Va. Code § 5-16-13	May annually receive a payment for all unused sick leave over 520 hours at a rate equal to 25.0% of the hourly rate. Payment cannot exceed \$25,000. W. Va. Code § 5-5-6	Not Applicable or Unknown.	Not Applicable or Unknown.
Wisconsin	Accrue 16.25 days per year. No limit on hours banked. W.A.C. ER 18.03	Conversion of 100.0% of all unused sick leave, plus an additional 52 hours per year for the first 24 years of service, plus an additional 104 hours for each year of service over 24 years. Wis. Stat. c. 40	Not Applicable or Unknown.	Not Applicable or Unknown.	Not Applicable or Unknown.
Wyoming	Accrue 12 days per year. No limit on hours banked. Personnel Rules Section 10-2	Not Applicable or Unknown.	Compensation for 50.0% of accumulated and unused sick leave. Wyoming Dept. of Transportation Benefits Overview (last visited 10/9/2014)	Not Applicable or Unknown.	Not Applicable or Unknown.

Source: Legislative Services Agency
Fiscal Services Division
David Heuton