

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 482 (First Edition)

SHORT TITLE: Reinstatement of Sick Leave/School Emp'ees.

SPONSOR(S): Representatives Jeffus, Lucas, Wiley, and Cotham

FISCAL IMPACT					
	Yes ()	No ()	No Estimate Available (X)		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
EXPENDITURES	No estimate available				
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
EFFECTIVE DATE: July 1, 2009					

BILL SUMMARY:

Amends GS 115C-336 by adding a new subsection directing the State Board of Education to adopt rules on the reinstatement of unused sick leave when an employee returns to employment to include a maximum period of separation after which unused sick leave is reinstated to be three calendar months longer for school personnel employed on 10-month contracts than for those employed on 12-month contracts.

ASSUMPTIONS AND METHODOLOGY:

Current State Board of Education policy provides for the reinstatement of unused sick leave when a former employee returns to permanent part-time or full-time employment within 60 months from their date of previous separation. This legislation, if enacted, would require the State Board of Education to modify the current sick leave reinstatement policy by extending the reinstatement period by 3 months for 10-month public school personnel.

The Department of Public Instruction reports that it does not have sufficient data to determine the number of former 10-month employees who returned to permanent part-time or full-time

employment between 60 and 64 months of their previous separation. In order to determine a fiscal impact, we must have data to predict the number of persons that may be affected by this legislation along with data relative to unused sick leave at the time of previous separation and the rate of pay at re-employment. Given the lack of data available, we have no basis upon which to determine a fiscal impact.

Accrued unused sick leave is a potential liability to the State in two ways. It is a liability if the employee takes or uses the sick leave or if the employee continues employment long enough to qualify for retirement benefits from a State administered retirement system as such an employee would receive additional retirement service credits for their unused sick leave. The funding of the retirement systems is based upon actuarial experience reviews which include the granting of retirement service credits for unused sick leave. Any fiscal impact on the retirement systems, therefore, likely would be negligible.

The most significant fiscal impact of this legislation would not be the reinstatement of sick leave but would occur if the reinstated sick leave was used by the employee as the employee would receive leave with pay as opposed to a possible leave without pay (depending upon whether the employee had accrued sufficient sick leave since reemployment to cover the absence). In either instance, the local school administrative unit would be responsible for the payment of a substitute during the absence of a teacher.

Under current policy, unused accrued sick leave is lost if an employee terminates employment and is not reemployed within five-years of separation from employment or does not start to receive monthly retirement benefits from the Teachers' and State Employees' Retirement System within five-years of separation from employment.

SOURCES OF DATA: Department of Public Instruction and Public Schools of North Carolina Benefits and Employment Policy Manual.

TECHNICAL CONSIDERATIONS:

The language of the Bill is unclear as to whether the employment contracts referenced are the contracts at the time of separation, the time of reemployment, or both. If the intent is to provide employees, who were employed on 10-month contracts at the time of separation, three additional months in which sick leave would be reinstated in the event of a return to employment on a 10-month contract, the language should be clarified. Otherwise, unintended consequences may occur.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Marshall Barnes

APPROVED BY: Marilyn Chism, Director
Fiscal Research Division

DATE: March 23, 2009



Signed Copy Located in the NCGA Principal Clerk's Offices