

**REPORT OF THE
DEPARTMENT OF
PERSONNEL AND TRAINING ON**

Leave Sharing

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 31

**COMMONWEALTH OF VIRGINIA
RICHMOND
1990**



COMMONWEALTH of VIRGINIA
Department of Personnel and Training

December 15, 1989

TO: The Honorable Gerald L. Baliles
Governor of Virginia

and

The General Assembly of Virginia

The 1989 General Assembly, by House Joint Resolution 387, requested the Department of Personnel and Training to study the desirability and potential use of leave sharing for Virginia's state employees and to develop plans for such a program.

Enclosed for your review and consideration is the report that has been prepared in response to this resolution.

Respectfully submitted,

Karen F. Washabau

Karen F. Washabau, Acting Director
Department of Personnel and Training

RESPONSE TO HJR 387 - LEAVE SHARING

Department of Personnel and Training

December 15, 1989

I. INTRODUCTION

The purpose of a leave sharing program is to reduce the need for employees to be placed on leave without pay (LWOP) should a personal or family emergency situation occur. Leave sharing programs can take many forms, but two are discussed in this report. The first is called "direct share." In this type of plan, employees donate leave directly to a person who needs leave and meets the program's criteria. The second program is a leave sharing "bank". In this program, employees donate leave to a centralized "bank". Eligible employees can then make "withdrawals" of leave from the bank.

Participation in leave sharing programs is usually voluntary. If employees have qualifying emergencies such as major illnesses, which require them to go on leave without pay (LWOP), they may apply for and receive paid leave donated by co-workers to cover periods of absence.

Last year the Department of Personnel and Training (DPT) reported to the General Assembly on a study of the need for leave sharing in 1989 House Document 18. The study concluded that the small percentage of employees required to go on LWOP for medical reasons because of inadequate leave balances did not indicate a significant need for such a program. DPT recommended that employees be surveyed to determine the level of interest in leave sharing.

House Joint Resolution 387 (1989) directed DPT to study the desirability and potential use of leave sharing by Virginia's state employees. If interest in leave sharing warranted, DPT was further directed to develop plans for such a program.

The following report provides the results of the employee survey. The report further discusses several issues which surround the State's current leave program and describes some actions which are anticipated to address these issues. This report outlines a "direct share" leave sharing program that can be adopted by the State on July 1, 1990. Finally, guidelines are included for a "leave bank" pilot program which will be initiated on July 1, 1990.

II. USE OF LEAVE IN VIRGINIA

The Commonwealth's current annual and sick leave program is outlined in Table 1. Classified employees accrue annual and sick leave hours in each pay period provided they are not on LWOP.

Table 1				
Annual and Sick Leave Accrual Rates				
Years Of Service	Hours Accrued Per Pay Period		Days Earned Per Year	
	Annual	Sick	Annual	Sick
0 - 4	4	5	12	15
5 - 9	5	5	15	15
10 - 19	6	5	18	15
20 & Over	7	5	21	15

Employees may accrue an unlimited number of hours sick leave. Annual leave accruals are capped based on years of service.

The sick leave program provides the only income protection for short-term medical emergencies unless employees purchase private insurance or have annual leave to cover the period of absence after accumulated sick leave is exhausted. Income replacement due to total and permanent disability is provided through the disability retirement program administered by the Virginia Supplemental Retirement System.

There is no limit on the amount of sick leave hours employees can accumulate. Employees with five or more years of service are paid 25 percent of their sick leave balances up to \$2,500 should they terminate from state service.

Annual leave accruals are capped based on employees' years of service. For example, employees with less than five years service may carry over 24 days of annual leave into the

next calendar year. Should these same employees terminate state service, they will be paid for all of their annual leave balances up to 24 days, which is the cap for employees with less than five years of service. The longer the years of state service, the higher the caps.

In gathering data for this report, information was obtained about typical employees and their leave usage:

The average classified employee:

- . has worked for the State for nearly 10 years
- . has about 478 hours of accumulated sick leave
- . has about 150 hours of accumulated annual leave
- . uses about 33 hours a year due to personal illness
- . uses about 22 hours a year for family illness
- . has never gone on leave without pay because of illness

III. INTEREST IN LEAVE SHARING

To determine employee interest in leave sharing, DPT surveyed 1,477 randomly-selected classified employees. Eight hundred thirty-five or 56.5 percent of the employees responded to the confidential questionnaire. (The questionnaire is presented in Appendix A.)

The survey informed employees that if a leave sharing program were to be established, they would be asked to make donations from their annual leave balances. The use of annual leave for leave sharing is consistent with the Federal government's "Voluntary Leave Transfer Program", which is currently being piloted, and ensures that no special funding is required to establish a program within the State.

Results of the survey confirmed DPT's earlier finding presented in House Document 18 that there is little need for a leave bank program. During the last five years, only eight percent of employees went on LWOP for personal or family illness reasons. However, the survey did indicate some employee interest in establishing and contributing to a leave sharing program.

Further, results from the survey indicated that years of service was the major variable for both interest in, and need for, a leave sharing program as shown in Table 2:

	Interest In Leave Sharing	LWOP In Last 5 Years	Avg. Sick Leave Balance	Avg. Annual Leave Balance
Employees with 0 to 9 years of service	40%	7%	139.5 hrs.	60.8 hrs.
Employees with 10+ years of service	21%	1%	451.3 hrs.	109.2 hrs.

Employees with zero to nine years of service reported smaller annual and sick leave balances. This group also had a higher incidence of LWOP due to illness, for two primary reasons:

1. Employees in the 0-9 year category have had less time in which to accumulate leave.
2. These employees are probably in the younger age bracket, and therefore are using more leave for maternity as well as time off for the care of young children who are not yet able to stay home by themselves when ill.

The additional leave hours required to eliminate the need for LWOP ranged from 4.2 to 800 hours. However, 80 hours (two weeks) was the most frequently reported amount of LWOP taken.

Surveyed employees were asked how many hours they would contribute to a leave sharing program in a year. Eight hours per year is the minimum number of hours employees reported they would donate, and 16 hours per year was the maximum. Currently held leave balances were not a significant factor in the number of hours employees were willing to donate.

Nearly one-third of the survey respondents commented on problems or concerns with the current leave systems. Accrual

rates are of primary concern. The employee at initial entry into the State's workforce cannot accrue leave fast enough to get sound income protection for such things as maternity, sick child care, unforeseen illness, or injury. In addition, the current rates may not provide sufficient protection to any employee faced with a catastrophic illness. Many survey respondents suggested that these rates be adjusted or that the State explore disability insurance benefits at group rates.

IV. RECOMMENDATIONS

A leave sharing option would present a stopgap measure against earnings loss due to catastrophic illness, and, as indicated, some employee interest exists in a leave sharing program. However, the level of interest expressed by survey respondents and the small number of hours respondents were willing to donate indicate that alternative methods may be more appropriate to minimize income loss due to illness or injury.

The following four-part approach is recommended to address this issue comprehensively:

1. DPT recommends that all state agencies be given the option as of July 1, 1990, to operate a "direct share" leave sharing program targeted to individuals in need of additional leave. Under such a program, employees may donate annual leave to particular individuals within their agency rather than to a leave bank. The only across agency donations that would be allowed would be spouse to spouse. This type of program is similar to that being conducted by the Federal government under its "Voluntary Leave Transfer Program". The program must be available to all staff in an agency. A model policy for the program is included in Appendix B.
2. DPT recommends that a "leave bank" program also be piloted in various state agencies for a two year period beginning July 1, 1990. The agencies selected for the pilot should range from small to large employee levels. Basic features of the leave bank concept to be considered are found in Appendix C.

Both of the above programs should be developed in accordance with DPT's policy development process. This means that guidelines will be finalized with the advice of DPT's Personnel Advisory Committee and the Governor's Personnel Advisory Board. DPT's Personnel Advisory Committee includes human resource

directors from major state agencies as well as smaller agencies. All Secretariats are represented on this committee. The Guidelines should also be reviewed by the Comptroller's Office, the Attorney General's Office, and the Department of Employee Relations Counselors. Once proposals for both programs are finalized, they are submitted to the Governor's office for approval.

A report on the leave sharing pilot and the "direct share" program should be presented to the Governor and General Assembly by November 1, 1992.

3. In 1990, DPT will conduct a comprehensive study of employee benefits. This study should include sick and annual leave as well as workers' compensation, military leave, leave without pay, compensatory leave, parental leave and educational leave. DPT should recommend to the Governor changes and enhancements to the leave programs.
4. As a part of its benefits study, DPT should assess employee interest in the cost of supplemental disability coverage procured by the Commonwealth. Employees could purchase this insurance as part of the cafeteria benefits program that will be implemented in 1991. The coverage should provide income replacement during periods of short term and partial disability and be a supplement to the long-term, permanent disability coverage available through the Virginia Supplemental Retirement System.

Leave Sharing Survey

APPENDIX A
Department of
Personnel and Training



Department of Personnel and Training
101 North 14th St., 12th floor
Richmond, VA. 23219

Att: Susie Witter

STAPLE QUESTIONNAIRE CLOSED AND MAIL TO DPT

- a. Have you lost annual leave at the end of the year due to this restriction?
 Yes (1)
 No (Skip to #9) (2)

- b. If you could have donated these leave hours to a bank, would you have done so?
 Yes (1)
 No (2)

- 9. What is the minimum number of hours of annual leave you would be willing to donate to a bank each year? _____ (hours)

- 10. What is the maximum number of hours of annual leave you would be willing to donate to a bank each year? _____ (hours)

- 11. What other programs, if any, do you think the State should explore to provide paid leave for extended illness in the immediate family?
Please list:

COMMENTS:

Please fold, with return address to the outside, staple the bottom, and mail to the Department of Personnel and Training. No postage is necessary. This survey should be returned by September 15, 1989. Thank you for your participation.

September 1, 1989

Dear State Employee:

The General Assembly has required the Department of Personnel and Training (DPT) to determine the feasibility of establishing a leave sharing program for state employees. To that end, you have been randomly selected to participate in DPT's survey of Executive Branch employees. The results of this survey will be reported to the 1990 General Assembly. Please read the following background information on leave sharing and complete all questions on the following brief questionnaire.

GENERAL BACKGROUND:

Generally, the purpose of leave sharing is to prevent financial hardship when personal or family illness depletes an employee's sick and annual leave balances and places the employee on leave without pay status. In these instances, eligible employees are allowed to withdraw contributed paid leave from the leave sharing bank. For this questionnaire, we are presuming that participation in the program would be voluntary and would require employees to donate annual leave hours to a "leave bank" on a regular basis. Only annual leave hours would be accepted as bank donations, and only those employees who contribute would be allowed to make withdrawals. All leave hours donated by all participants would be "banked" together, and a committee would establish guidelines for withdrawals.

EXAMPLE:

John Smith has a personal illness which requires him to miss 160 hours from work. At the time of this illness, Mr. Smith only has 120 hours of accrued leave (total of sick and annual leave) available to him. Consequently, Mr. Smith would miss 40 hours of work which are not covered by his leave balance. Under the state's current practices, Mr. Smith would have to go on leave without pay for these 40 hours. If Mr. Smith had been regularly donating some of his accrued annual leave hours to a leave bank, he would be entitled to apply to the bank for the withdrawal of 40 hours of leave from

the bank's leave pool. If his withdrawal request was approved, Mr. Smith would continue to receive full pay throughout his illness because the bank's 40 hours of leave would have helped cover all of the time he missed from work.

INSTRUCTIONS:

Based on this information, please answer the questions which follow. Using the information on this pay stub, please complete this questionnaire even if you are not interested in a leave sharing program. Your responses will be kept completely confidential. All responses will be reported to the General Assembly in a summary format to prevent the identification of individual employees.

PLEASE FOLD, STAPLE, AND MAIL THE QUESTIONNAIRE TO THE DEPARTMENT OF PERSONNEL AND TRAINING BY SEPTEMBER 15, 1989. FOR YOUR CONVENIENCE, THE RETURN ADDRESS IS PRE-STAMPED ON THE SURVEY FORM. IF YOU HAVE ANY QUESTIONS ABOUT THE SURVEY, PLEASE CALL SUSIE WITTER AT (804) 225-2314. YOUR PARTICIPATION IN THE SURVEY IS APPRECIATED.

Sincerely,

Karen F. Washabau
Acting Director,
Department of
Personnel and Training

LEAVE-SHARING QUESTIONNAIRE

Please fill in the answers to the following questions. No employee should complete more than one survey.

1. Check the number of years you have worked for state government:
 - 0 - 4 years (1)
 - 5 - 9 years (2)

- 10-19 years (3)
- 20 or more years (4)

2. "Immediate family" is defined as you, your spouse, children, brothers, sisters, or parents. During the past five years, have you had an illness in the immediate family (including pregnancy) which required you to go on leave without pay because you did not have enough paid leave available?

- Yes (1)
- No (Skip to question #4) (2)

3. Use the blanks below to specify how many additional hours of leave would have been needed each time you went on leave without pay in the last five years to prevent you from losing pay.

- 1st time _____ hours
- 2nd time _____ hours
- 3rd time _____ hours
- 4th time _____ hours
- 5th time _____ hours

4. In a typical year, how many hours do you miss because of personal illness, including doctor and dentist appointments? _____ (hours)

5. In a typical year, how many hours do you miss because of family illness, including doctor and dentist appointments? _____ (hours)

6. As of this pay period, what is your sick leave balance? _____ (hours) [For many state employees, this figure can be found on their pay stub. If not found on the stub, contact your agency human resource office.]

7. As of this pay period, what is your annual leave balance? _____ (hours) [For many state employees, this figure can be found on their pay stub. If not found on the stub, contact your agency human resource office.]

8. As you may know, the State has a maximum number of annual leave hours that you can carry over into the next calendar year. If your annual leave balance is greater than this maximum, the extra leave hours are lost. Given this information:

PROPOSED GUIDELINES FOR A "DIRECT SHARE" PROGRAM

Purpose:

The Commonwealth has developed a "direct share" leave sharing program whereby employees may donate their annual leave to fellow employees in need on an intra-agency basis (Note: Spouses may share leave on an inter-agency basis.) These guidelines outline the policies and procedures to be followed by agencies in implementing a "direct share" program.

Definitions:

Recipient - Employee who is eligible to receive leave donations from other employees within the agency.

Donor - Employee(s) who donate their annual leave to the recipient.

Administration of Leave Sharing

1. The agency head shall choose three, but no more than five, employees within his or her agency to administer leave sharing, one of whom must have human resource responsibility within the agency. One employee from this group shall be responsible for administering the program and will herein be referred to as the Administrator.
2. The Administrator shall meet with the committee, as needed, and act as liaison with the appropriate agency office to review a potential recipient's leave account.
 - a) The Administrator and committee are charged with keeping all personal information confidential. Failure to abide by this provision could result in discipline up to, and including, discharge.
 - b) A recipient's attendance record may be considered as a criterion for denying leave from the leave sharing program.
 - c) The committee shall establish criteria and procedures for appeal of a rejected initial request. The committee shall meet at least once in every month in which appeals are pending. Every pending appeal must be decided, either affirmatively or negatively, at the next meeting of the committee after the appeal is filed.

Proposed Guidelines For Leave Sharing
(Continued)

3. The Administrator shall maintain accurate and reliable records relative to all functions of the leave sharing program.
4. Agencies must fund all monies paid from leave sharing through their own budgets.

Criteria For Utilization Of Leave From the Bank

1. All full-time classified employees shall be eligible to become recipients provided they meet the criteria of the program.
2. Recipients should have a balance of no more than sixteen hours personal (annual, sick, compensatory, overtime) leave before they will be allowed to apply and receive leave from donors.
3. Requests to receive leave from donors, including justification for the time of absence, must be made in writing to the Administrator.
4. Verification of illness and corresponding use of leave may be required from an attending physician. The committee may request a second physician's certification, from a physician of the committee's choice, and such certification may be at the employee's expense.
5. Use of leave under the program shall be for bona-fide medical need, as certified by a physician's statement, that is:
 - a) likely to require an employee's absence from work for a prolonged period of time, and
 - b) will result in a substantial loss of income to the employee because of the unavailability of accumulated paid leave.
6. An employee's spouse, parents/step-parents, and children/step-children, as long as they are living in the household of the employee, are the only relatives that will constitute family under these guidelines.
7. In the event that an employee is physically or mentally unable to make a request to the Administrator, a family member or the agency may file the request.

Proposed Guidelines For Leave Sharing
(Continued)

8. If the committee may reasonably presume that any applicant for leave sharing may be eligible for disability retirement, or any other disability or loss of time benefits, the committee will request that the applicant apply for such benefits. Failure to apply may disqualify the applicant for benefits under the leave sharing program.
9. The committee shall monitor continuously the status of the medical emergency affecting the recipient and establish procedures to ensure that the recipient is not permitted to receive or use donated leave from the program after the medical emergency ceases to exist.

Donations To Recipients

1. Donations to recipients shall be in the form of annual leave only.
2. Donations shall only be made intra-agency. An exception will be granted in the instance of one spouse donating to the other spouse who works in a different agency.
3. Donations to a recipient shall, at all times, be voluntary on the part of any donor.
4. Donors must have a specified minimum of leave hours accumulated in their personal account balances before being allowed to donate to recipients.
5. Donations to a recipient shall be a minimum amount as determined by the committee. There shall be no maximum donation except that donors must have a minimum number of leave hours accumulated in their personal account balances as determined in #3 above.
6. Employees who may lose annual leave accumulations at the end of the calendar year may donate those excess balances to an eligible recipient.
7. All annual leave contributed by donors shall be removed from the donors' annual leave accounts in the order that the leave slips are given to the Administrator and be passed on to the recipient.
8. Leave given by donors shall be forfeited unless the leave slip is not processed in which case it will be credited back to the donor.

Proposed Guidelines For Leave Sharing
(Continued)

9. Eligible recipients shall not be required to pay back leave hours donated to them.
10. Alleged abuse of the use of the leave sharing program shall be investigated by the Administrator who, in turn, will notify DPT. If warranted, the recipient may be required to repay all leave withdrawn from the bank. In addition, the recipient may be subject to disciplinary action in accordance with the Standards of Conduct and Performance Policy.

Termination Or Modification To The Leave Sharing Program

The Commonwealth anticipates continuing a leave sharing program as an employee benefit but, if for any reason it becomes necessary to terminate or modify the program or any part of the program, the Commonwealth reserves the right to make such termination or modification unilaterally and without prior notice.

LEAVE BANK PILOT

Proposal:

The Department of Personnel and Training proposes to implement a leave bank program for classified employees on a pilot basis. The pilot will begin on July 1, 1990.

Design Of Leave Bank Guidelines:

Guidelines for a leave bank shall be developed in concert with DPT's Personnel Advisory Committee. This Committee consists of human resource directors from major state agencies as well as smaller agencies.

Facets Of Leave Bank Programs To Be Evaluated:

1. Multiple types of banks
2. Mandatory donation of leave to a bank
3. Withdrawal of leave across agencies
4. Donations of sick leave rather than annual leave
5. Use of the leave bank to cover other types of leave such as maternity leave, paternity leave, and so on

Conclusion Of The Pilot:

A report will be submitted to the Governor and General Assembly for their review November 1, 1992.

TECHNICAL APPENDIX SUMMARY

DPT policy and sound research practice require a technical explanation of research methodology. This technical appendix summary describes the analyses conducted for the report, "Response to HJR 387 - Leave Sharing." The survey instrument is included at the end of this appendix (Attachment 1).

A questionnaire was sent to 1,477 randomly-selected classified employees to determine: 1) if there was need for a leave sharing program and, 2) if there was employee interest in a leave sharing program. The questionnaire provided a rough outline of what might be involved in establishing a leave-sharing program. Employees were told that, if interested in a leave bank program, they would be asked to donate leave to the bank from their annual leave balances. Annual leave was chosen because agencies already budget these monies. Therefore, there would be little if any increased costs.

Under the State's annual leave program, annual leave accrual rates change with years of service (Table 1).

<u>Years of Service</u>	<u>Accrual Rate</u>		<u>Days Earned Per Year</u>
	<u>Per Pay Period</u>	<u>Per Year</u>	
0 - 4	4 hours	96 hours	12
5 - 9	5 hours	120 hours	15
10 - 19	6 hours	144 hours	18
20 & Over	7 hours	168 hours	21

To determine if there was any effect of longer service, employees were separated into two groups, those with zero to nine years service and those with 10 or more years service. The number of survey respondents in each of these groups did not accurately reflect the proportion of that group in the employee population. Consequently, some answers were weighted so that population inferences could be made appropriately. Table 2 reflects the demographics of the State's

Technical Summary Appendix
(Continued)

population of 77,205 classified employees and the respective weighting used for analysis.

<u>Years of Service</u>	<u>Total Classified Population</u>	<u>Weight (% of Total Population)</u>
0 - 9	44,937	.582
10 - 20+	<u>32,268</u>	<u>.418</u>
Total	77,205	1.000

The results of the survey are summarized in the "Response to HJR 387 - Leave Sharing." A confidence interval of .048 was calculated for employee interest in a leave sharing program. This means that in 95 out of 100 sample draws, the population's interest in leave sharing would be between 56.1% and 65.7%.

Additional raw survey results from DPT's Leave Sharing survey may be obtained by writing to the Department of Personnel and Training, Office of Program Evaluation and Policy Development, 101 N. 14th Street, Richmond, Virginia, 23219. Please specify what information is sought.

