

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

A Sick Leave Bank

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



HOUSE DOCUMENT NO. 42

**COMMONWEALTH OF VIRGINIA
RICHMOND
1993**



COMMONWEALTH of VIRGINIA

DORTHULA H. POWELL-WOODSON
DIRECTOR

Department of Personnel and Training

JAMES MONROE BUILDING
101 N. 14TH STREET
RICHMOND, VIRGINIA 23219
(804) 225-2131
(V/TDD) (804) 371-7671

January 5, 1993

Dear Governor Wilder and Members of the General Assembly:

The 1992 General Assembly, by House Joint Resolution 96, requested the Department of Personnel and Training to study the feasibility of creating a sick leave bank for state employees.

Enclosed for your review and consideration is the Report of the Department of Personnel and Training on a Sick Leave Bank for classified state employees that has been prepared in response to this Resolution.

Respectfully submitted,

A handwritten signature in black ink that reads 'Dorthula H. Powell-Woodson'.

Dorthula H. Powell-Woodson

/sew

Enclosure

cc: The Honorable Ruby G. Martin
Secretary of Administration

PREFACE

House Joint Resolution (HJR) 96 requested the Department of Personnel and Training to study the feasibility of creating a sick leave bank for state employees which would permit them to contribute accumulated sick leave to fellow employees. This report presents findings on this issue.

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EXECUTIVE SUMMARY

House Joint Resolution (HJR) 96 directed the Department of Personnel and Training (DPT) to study the feasibility of creating a sick leave bank for state employees. Such a sick leave bank would assist employees who have no annual or sick leave balances to cover extended absences due to illnesses or accidents.

The concept of sharing leave among employees is being used by several other states as well as several branches of the federal government. The greatest assets of this type of program seem to be enhanced employee morale and team spirit. There are many types of leave sharing programs, but this study will address the two main types currently in use across the country. They are the "leave bank" program and the "direct share" program.

The leave bank program allows employees to become members of a central bank by donating leave credits (sick or annual) to that bank. If these members later need additional leave credits to cover absences due to illnesses or accidents, they may withdraw leave credits from the leave bank.

The direct share option allows employees to donate a portion of their leave credits (sick or annual) directly to fellow employees who need additional leave to cover absences due to illness or accident. Employees need not have donated leave to other employees to receive leave hours.

In conjunction with a study under Governor Wilder's Project Streamline, DPT conducted a pilot project to assess the feasibility of each program using the donation of annual leave only. All 15 agencies participating in this pilot program recommended adoption of the direct share option over the leave bank option. Results from these pilots, as well as data from a 1990 DPT study on leave sharing, indicate that employees would prefer a direct share program because they wish to choose to whom their leave is donated. Employees expressed fear that if their leave is deposited in a "bank," then some employees who have depleted their leave balances through unwarranted absences will have access to their leave. Thus, based on employees' preference to choose to whom their leave is donated, a direct share program is preferred over a leave bank program.

Regarding whether sick leave should be donated rather than annual leave, annual leave donations would have less fiscal impact on the Commonwealth. Because of the differences in the policies governing annual leave and sick leave, employees forfeit to the Commonwealth much more sick leave annually (approximately \$35 million forfeited each year) than annual leave (approximately \$4.6 million forfeited each year). In a leave sharing program it is expected that some employees will donate some of the leave that they otherwise would have forfeited. Accordingly, permitting employees to donate sick leave could create a greater fiscal impact on the Commonwealth, because employees

could donate more leave hours for which the Commonwealth otherwise would not have been liable to pay.

Based on the results of the leave sharing pilot programs instituted as part of Governor Wilder's Project Streamline, the direct share leave program was established in January 1993 for all Commonwealth employees in the Executive Branch. However, modifications can be made to this program if deemed necessary.

I. INTRODUCTION

House Joint Resolution (HJR) 96 directed the Department of Personnel and Training (DPT) to study the feasibility of creating a sick leave bank for state employees based on the following premises:

1. it is the Commonwealth's policy to employ the most qualified individuals and to provide appropriate compensation and benefits for its employees;
2. sick leave is provided as a benefit for most classes of employees;
3. it is important that personnel policies reflect the needs of state workers;
4. some employees suffer catastrophic illnesses that may result in their being absent from work for a period exceeding their available sick leave; and
5. certain localities and private employers have established sick leave banks whereby employees with accumulated sick leave can contribute sick leave days to those in need (see Appendix A).

When employees experience extended or catastrophic illnesses, their absences from work may exceed their available sick and annual leave balances. When this situation occurs, agencies must place employees on leave without pay status.¹

HJR 96 recognizes the opportunity to ease the hardship on such employees by permitting them to accept donations of accumulated sick leave credits from other employees through a leave sharing process. While there are many variations of leave sharing programs, the two primary types are "leave bank" and "direct share."

In a leave bank program, employees may donate a portion of their accrued leave credits to a central bank, thus becoming leave bank members. If members later need additional leave credits to cover absences due to illnesses or accidents, they may withdraw leave credits from the bank.

¹ The Commonwealth's current sick leave program provides full-time, classified employees 15 days of paid sick leave per year. Sick leave is credited to employees at the rate of five hours for each completed pay period. Annual leave is credited at a rate of four to seven hours per pay period (or 12 to 21 days per year) based on employees' years of service. When an employee is placed on leave without pay status during a pay period, no sick or annual leave is earned. There is no limit on the number of sick leave hours which employees may carry forward from year to year, while annual leave carryover is capped at 192 to 336 hours based on the years of employees' service.

In direct share programs, employees are permitted to donate a portion of their accrued leave credits directly to fellow employees who need additional leave to cover absences due to illness or accident.

To assess the feasibility of a leave sharing program for the Commonwealth, DPT collected comparative data on leave sharing programs of other employers through a survey. To ascertain the need for leave sharing among state employees, DPT surveyed all Executive Branch agencies. In addition, as part of Governor Wilder's Project Streamline initiatives, DPT coordinated two leave sharing pilot projects, leave bank and direct share, with 15 state agencies participating. The results of those pilot projects are included in this report.

II. SURVEY OF OTHER EMPLOYERS' LEAVE SHARING PROGRAMS

A. General

Comparative data on the leave sharing benefits provided by other employers was collected by administering a questionnaire to random samples of Virginia businesses with more than 300 employees, and to Virginia local governments and school districts (see Appendix B). Questionnaires also were sent to the directors of personnel of other states. Two hundred fifty, or 74%, of those governmental and non-governmental employers contacted responded to the survey.

Table 1 displays the percentage of responding surveyed employers which provide leave sharing programs to their employees.

Table 1

PERCENTAGE OF EMPLOYERS OFFERING LEAVE SHARING PROGRAMS	
State Governments	53.7%
Local Governments	21.8%
School Divisions	40.0%
Private Sector Employers	7.4%

As indicated in Table 1, state governments are more likely to offer leave sharing to employees than other types of employers. However, 74.1% of all the governmental and non-governmental employers responding to the survey do not offer any leave sharing

program as an employee benefit.

Analysis of the survey data revealed that 60% of employers with leave sharing programs required employees to donate accrued sick leave balances instead of annual leave. School division employees, however, do not accrue annual leave, only sick leave. As such, they would only be able to donate sick leave to a leave sharing program. Thus, when school divisions are excluded, the survey data indicates that the remaining employers are equally divided in permitting sick leave or annual leave donations. A discussion of the merits of donating sick leave or annual leave is addressed later in this report.

B. Components of Other Employers' Leave Sharing Programs

Of those organizations that reported requiring a minimum donation of leave hours, 62.5% reported eight hours as their minimum donation. Sixteen hours was reported most often (in 28.5% of the instances) as the maximum donation that was allowed.

Approximately 78% of respondents stated that any illness or medical condition would qualify employees for donations of leave. The remaining respondents reported that they identify specific medical conditions that would make employees eligible for leave donations. A review of their written responses, however, indicated that rather than identifying specific illnesses, employers used such terms as "severe illness," "long-term, or critical illness," as medical conditions likely to require an employee's absence for at least 20 consecutive workdays.

The majority of respondents, 79.4%, did not require that their employees be placed on leave without pay prior to becoming eligible for leave donations. However, 76.2% of the respondents required their employees to exhaust their own personal leave balances before they could become eligible for leave donations.

III. DETERMINING NEED FOR STATE LEAVE SHARING PROGRAM

To assess state employees' need for a leave sharing program, the Department of Personnel and Training (DPT) surveyed all Executive Branch agencies and requested data on: the number of employees who were placed on leave without pay for personal illness during FY 1991-92, and the number of leave without pay hours taken by each employee (see Appendix C).

Ninety-seven, or 77.0%, of the agencies surveyed responded. Survey results indicated that 1.6% of the work force was placed on leave without pay during FY 1991-92. Results further indicated that these employees continued in a leave without pay status for an average of six work weeks (or 239.3 hours).

IV. RESULTS OF LEAVE SHARING PILOT PROGRAM

As part of Governor Wilder's Project Streamline initiatives, DPT was requested to implement pilot leave bank and direct share leave sharing programs in selected state agencies beginning July 1, 1991. Consequently, seven agencies piloted a leave bank program and eight agencies piloted a direct share program during FY 1991-92 (see Appendix D for program participants). In these programs, employees donated annual leave rather than sick leave. (The fiscal significance of this requirement will be discussed in article V below.)

In both leave sharing programs, participating employees were required to donate a minimum of eight hours of annual leave. No limits were placed on the maximum number of hours which they could donate. In order to be eligible to receive donations of leave, employees must have exhausted their leave balances and been on leave without pay for two weeks due to an extended illness or injury. Requiring employees to be on leave without pay was designed as a deterrent for those employees who tended to misuse leave through unwarranted absences.

The agencies which piloted direct share programs reported positive employee acceptance, and overwhelmingly supported adoption of the program on a statewide basis. The agencies which piloted leave bank programs experienced some difficulty in program implementation. Employees in 25% of these pilot agencies were unwilling to donate any leave hours to start the banks. The leave bank agencies found that employees wanted to donate hours to designated recipients rather than to a central bank account. (This finding is consistent with results obtained in a 1990 DPT study on leave sharing in which employees strongly stated that they wanted to know to whom their leave was going.) Since direct contribution to specific individuals is not possible through a leave bank program, the leave bank agencies also supported adopting a direct share program.

The results of DPT's pilot leave sharing programs lead to the conclusion that a direct share program should be initiated rather than a leave bank program. Indications are that a direct share program would be received more favorably by employees because they would be able to direct to whom their leave is given.

V. DONATIONS OF ANNUAL LEAVE OR SICK LEAVE

Employee donations of their sick leave credits to a leave sharing program creates a greater potential financial liability to the Commonwealth than does the donation of annual leave. Under current policy governing sick leave, employees are entitled to use their sick leave only when they are sick and, an unlimited accumulation of sick leave hours is allowed. Upon termination, employees with five or more years of continuous service are paid 25% of their sick leave balances up to \$2,500. Employees with less than five years of service are not entitled to any compensation for unused sick leave balances

upon termination. Under these policies, terminating employees forfeit sick leave estimated to be worth \$35 million annually.

Annual leave, on the other hand, may be used for any purpose. Employees may carry forward certain maximum amounts of annual leave hours from year to year (from 192 hours to 336 hours depending on the employees' length of state service). Upon termination all employees receive payment for their total annual leave balances up to these maximum amounts. Under these policies it is estimated that employees annually forfeit a combined total of approximately \$4.6 million of annual leave at the end of each calendar year and when terminating.

Thus, employees forfeit much more sick leave annually than annual leave. In a leave sharing program, it is expected that some employees will donate some of the leave that they otherwise would have forfeited. Accordingly, permitting employees to donate sick leave could create a greater potential fiscal impact on the Commonwealth, because employees could donate more leave hours for which the Commonwealth otherwise would not have paid.

VI. CONCLUSION

A leave sharing program is a worthwhile additional benefit for employees. Based on employees' preference to choose to whom their leave is donated, a "direct share" program is preferred over a "leave bank" program. In addition, because of the potential fiscal impact on the Commonwealth, the use of annual leave donations instead of sick leave is better for the Commonwealth.

Based on the results of the leave sharing pilot programs instituted as part of Governor Wilder's Project Streamline, a direct share leave program was established on January 1, 1993 for all Commonwealth employees in the Executive Branch. Accordingly, no additional program is needed at the present time. This program, of course, can be modified if necessary.

GENERAL ASSEMBLY OF VIRGINIA--1992 SESSION
HOUSE JOINT RESOLUTION NO. 96

Requesting the Department of Personnel and Training to study the feasibility of creating a sick leave bank for state employees.

Agreed to by the House of Delegates, February 9, 1992
Agreed to by the Senate, March 4, 1992

WHEREAS, the policy of the Commonwealth of Virginia is to employ the most qualified individuals for positions in state government and to provide appropriate compensation and benefits for the employees; and

WHEREAS, it is important that personnel policies reflect the needs of the state workers; and

WHEREAS, sick leave is provided as a benefit for most classes of employees; and

WHEREAS, some employees suffer catastrophic illnesses that may result in their being absent from work for a period exceeding their available sick leave; and

WHEREAS, certain localities and private employers have established sick leave banks whereby employees with accumulated sick leave can contribute sick leave days to those in need; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Department of Personnel and Training be requested to study the possibility of establishing a sick leave bank procedure for state employees.

The Department shall complete its work and submit its recommendations to the 1993 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.



COMMONWEALTH of VIRGINIA

DORTHULA H. POWELL-WOODSON
DIRECTOR

Department of Personnel and Training

JAMES MONROE BUILDING
101 N 14TH STREET
RICHMOND, VIRGINIA 23219
(804) 225-2131
(V/TDD) (804) 371-7671

COMMONWEALTH OF VIRGINIA
LEAVE SHARING SURVEY
JULY 1992

The Virginia General Assembly has directed the Virginia Department of Personnel and Training to study the feasibility of implementing a leave sharing program for state employees. As part of our study, we are collecting comparative data on leave sharing programs from personnel officers in other states, local governments, and private industries with at least 1,000 employees in Virginia.

The enclosed survey requests information on leave policies and practices currently in effect for your organization. Please complete this survey or route it to the person in your organization who can provide the most accurate information. If you have questions regarding this survey, please contact Karen Chappell at (804) 225-3463.

Please return this survey in the envelope provided by Friday, August 14, 1992. If you would like a copy of the study results, provide your name and mailing address below:

COMMONWEALTH OF VIRGINIA
LEAVE SHARING SURVEY

NAME OF RESPONDENT: _____ TITLE: _____
ORGANIZATION: _____ PHONE #: _____

PLEASE RETURN THIS SURVEY BY AUGUST 14, 1992

1. Which of the following do you represent? (Circle the appropriate number)
- | | |
|------------------------|---|
| State Government | 1 |
| Local Government | 2 |
| School Division | 3 |
| Private Industry | 4 |
2. A leave sharing program is one in which employees are permitted to use paid leave credits which have been donated by other employees. Does your organization have a leave sharing program? (Circle the appropriate number)
- | | |
|-----------|---|
| Yes | 1 |
| No | 2 |

IF YOU ANSWERED "NO", PLEASE STOP AND RETURN YOUR SURVEY
IN THE ENVELOPE PROVIDED.

3. Which type of leave credits are your employees permitted to donate to your leave sharing program? (Circle the appropriate number)
- | | |
|-----------------------------------|---|
| Annual leave only | 1 |
| Sick leave only | 2 |
| Either annual or sick leave | 3 |
| Other (Specify) _____ .. | 4 |

4. What medical conditions or illnesses qualify an employee to use your leave sharing program? (Circle the appropriate number)

- Only specific illnesses or medical conditions 1
- Any illness or medical condition 2

If only specific illnesses or medical conditions qualify, please provide a list of those illnesses and conditions in the space provided below.

Specific Illnesses and Medical Conditions:

5. Are employees required to fully deplete their personal leave balances before being permitted to use your leave sharing program? (Circle the appropriate number)

- Yes 1
- No 2

If you answered "No", please specify what types of leave balances may be retained and what portion of each may be kept.

6. Are employees required to be on leave without pay for a specific period of time before becoming eligible to use your leave sharing program? (Circle the appropriate number)

- Yes 1
- No 2

If you answered "Yes", specify the required leave without pay period. _____

7. What other conditions must be met, if any, before an employee in your organization is permitted to use the leave available through your leave sharing program?

8. What problems, if any, has your organization encountered in the administration of its leave sharing program?

9. Organizations typically use one of two types of leave sharing programs, "Direct Share" or "Leave Bank."

A "Direct Share" program is one whereby employees may donate a portion of their leave credits directly to fellow employees in need of additional leave.

A "Leave Bank" program is one whereby employees may donate a portion of their leave credits to a central bank. If an employee who has donated leave to the bank needs additional leave credits at a later date, a portion of the total leave credits in the bank may be withdrawn.

Which type of leave sharing program does your organization use? (Circle the appropriate number)

- Direct Share 1
- Leave Bank 2

**IF YOUR ORGANIZATION USES A DIRECT SHARE PROGRAM,
PLEASE STOP AND RETURN YOUR SURVEY IN THE ENVELOPE PROVIDED.**

**THE REMAINING QUESTIONS APPLY ONLY
TO THOSE ORGANIZATIONS WHICH HAVE LEAVE BANK PROGRAMS.**

10. What type of leave balances, if any, is an employee required to have before being permitted to donate leave to your organization's leave bank? (Circle the appropriate number and specify the minimum number of hours, if appropriate, in the blank provided)
- No minimum annual leave balance required 1
 - Minimum annual leave hours required (Specify: _____) 2
 - No minimum sick leave balance required 3
 - Minimum sick leave hours required (Specify: _____) 4
 - No minimum balance required for other types of leave 5
 - Minimum other types of leave hours required (Specify: _____) 6
11. What is the minimum number of leave hours which can be donated in a year by one employee? (Enter your response in the blank provided) _____ hours
12. What is the maximum number of leave hours which can be donated in a year by one employee? (Circle the appropriate number and fill in the blank, if appropriate)
- No maximums specified 1
 - _____ hours 2
13. What restrictions, if any, are placed on an employee wishing to withdraw leave from the leave bank? (Circle the appropriate number(s) and fill in appropriate blanks)
- No restrictions 1
 - Number of hours/occurrence restricted to _____ 2
 - Number of hours/year restricted to _____ 3
 - Other restrictions (Specify) _____ 4
 - _____ 5
 - _____ 6

**THIS CONCLUDES THE SURVEY.
PLEASE RETURN THE SURVEY IN THE ENVELOPE PROVIDED.**



COMMONWEALTH of VIRGINIA

DORTHULA H. POWELL-WOODSON
DIRECTOR*Department of Personnel and Training*JAMES MONROE BUILDING
101 N. 14TH STREET
RICHMOND, VIRGINIA 23219
(804) 225-2131
(V/TDD) (804) 371-7671COMMONWEALTH OF VIRGINIA
DATA COLLECTION FOR LEGISLATIVE STUDIES
JULY 13, 1992

The Virginia General Assembly has directed the Department of Personnel and Training to conduct three legislative studies for the upcoming legislative session. The studies are as follows:

- HB 637 - This legislation was not enacted but would have amended the Code of Virginia to provide voluntary leaves of absence to state employees with at least seven years of service. The patron has requested that DPT provide information on the feasibility of reintroducing this legislation during the 1993 General Assembly Session.
- HJR 96 - Requests DPT to study the feasibility of creating a sick leave bank for state employees.
- HJR 207 - Requests DPT to study and reevaluate its policy on annual leave for state employees.

In order to complete these studies, this Department needs you to provide the information requested on the following pages. Also, please attach a copy of your agency's U018 Report, Leave Accounting Annual Leave Lost, from the Department of Accounts, for calendar year 1991. Please send your responses to Karen Chappell by August 14, 1992. Any questions regarding the survey should be referred to Karen at (804) 225-3463.

LEGISLATIVE STUDY DATA

Name: _____ Title: _____

Agency: _____ Agency Code: _____ Agency MEL: _____

1. Indicate the effects, if any, budget reductions have had on your agency. (Circle all numbers that apply)

- Budget reductions have not had an effect on agency staff 1
- Existing employees have been assigned additional duties 2
- Existing employees are working longer hours 3
- Existing employees are working longer hours and earning overtime
and compensatory time 4
- Additional wage employees have been hires 5
- Existing wage employees are working longer hours 6
- Other (Specify): _____ ... 7

2. For each employee who was placed on leave without pay (LWOP) for personal illness during fiscal year 1991-92, please indicate the number of hours of LWOP in the space provided below. (If you need additional space, you may Xerox this page and attach additional copies to your completed survey.)

<u>Employee SSN</u>	<u>Hours on LWOP</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. In the matrix below, please provide the information requested on employees from your agency who terminated state service during the fiscal year of 1991-92. "Hours Compensated" refers to the number of accrued sick leave hours for which the employee received monetary compensation at the time of termination. "Hours Lost" refers to the number of accrued sick leave hours which were lost in accordance with Rule 10.13, Disposition of Leave Balances.

Employee's SSN	Hourly Pay Rate	Total Years of Service	Sick Leave Balance at Termination	Hours Compensated	Hours Lost

3. Does your agency have decentralized authority granted by DPT? (Circle the appropriate number)
- Yes 1
No 2

4. In the matrix on the next page, please provide the requested information on employees in your agency who were permitted to carryover excess annual leave credits. The "Carryover Period" represents the length of time (number of months) which your agency permits employees to carry these leave hours. "Hours Lost" represents the number of carried over hours which were lost at the end of the carryover period.

Employee's SSN	Hourly Pay Rate	Annual Leave Carried Over	Carryover Reason	Carryover Period	Hours Lost

LEAVE SHARING PILOT AGENCIES BY SIZE AND SECRETARIAT

Agency	Maximum Employment Level	Cabinet Secretariat	Type of Pilot
Corrections	8,904	Public Safety	Direct Share
Health	4,208	Health and Human Srv.	Direct Share
Agriculture & Cons. Srv.	630	Economic Development	Direct Share
Education	401	Education	Direct Share
State Lottery	330	Independent	Direct Share
Waste Management	174	Natural Resources	Direct Share
Personnel & Training	96	Administration	Direct Share
State Internal Auditor	16	Finance	Direct Share
Transportation	11,600	Transportation	Leave Bank
Youth & Fam. Services	1,729	Public Safety	Leave Bank
General Services*	892	Health & Human Srv.	Leave Bank
Medical Asst. Services	360	Health & Human Srv.	Leave Bank
Air Pollution Control Brd.	237	Natural Resources	Leave Bank
Housing & Comm. Dev.	130	Economic Development	Leave Bank
Jamestown/ Yorktown Fnd.	97	Education	Leave Bank
Emp. Relations Counselors	14	Administration	Leave Bank

* Will pilot test Leave Bank but had not requested donations of leave prior to this report's preparation.

