

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 305 w/CS Employees of Public Schools/Sick Leave
SPONSOR(S): Arza
TIED BILLS: None **IDEN./SIM. BILLS:** SB 300

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>State Administration</u>	<u>5 Y, 0 N w/CS</u>	<u>Williamson</u>	<u>Everhart</u>
2) <u>Education K-20</u>	<u></u>	<u>Carlson</u>	<u>Bohannon</u>
3) <u>Education Appropriations (Sub)</u>	<u></u>	<u></u>	<u></u>
4) <u>Appropriations</u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

Current law requires local school boards to provide sick leave benefits to all full-time employees. It also allows districts to pay accrued sick leave to certain employees upon termination of employment. The amount of accrued sick leave payable to school board employees upon termination of employment is restricted by formula; one applicable to administrators, and another applicable to all other employees. Current law also allows a local school board to provide that employees other than administrators may receive a percentage of their accumulated sick leave balance annually as an additional employee benefit.

The bill eliminates the prohibition on administrators receiving an annual cash-out of sick leave benefits accrued in the same calendar year. It also removes the limitation on how much a school board may elect to pay administrators as terminal pay for accumulated sick leave earned before June 30, 2004. The bill provides that sick leave accrued after June 30, 2004, will be compensated at no more than the salary applicable at the time the sick leave was earned. Sick leave used during the year must be deducted from the most recent leave accrued.

This bill does not appear to have a fiscal impact on state or local governments. It could, however, impact local school boards if such school boards elect to offer increased benefits to administrators in the form of sick leave payouts. See "FISCAL COMMENTS" section.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0305b.edk.doc
DATE: April 8, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|-----------------------------------------|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

Not applicable.

B. EFFECT OF PROPOSED CHANGES:

Background

In order to maintain the solvency of local school boards, and to maintain a uniform system of education, state education laws regulate a number of financial concerns of such school boards. Current law governs sick leave policies of local school boards.¹ Unlike typical employers that utilize sick leave policies on a per-hour basis, sick leave policies for school board employees are typically calculated on a per-day basis. Full-time instructional staff are entitled to 4 days of sick leave as of the first day of the contract year, and one additional day of sick leave for each month of employment. All other school board employees accrue 4 days of sick leave in the beginning month of each contract year of employment, and one day of sick leave for each month thereafter.

District school boards are allowed to enact a policy whereby instructional personnel² and educational support employees³ may elect to cash out their unused sick leave at the end of a contract year. Payment of the benefit is limited to 80% of regular pay.⁴

In fall 2003, there were 165,607 instructional staff in Florida public schools, representing 56.0% of total personnel; there were 120,150 support staff in Florida public schools, representing 40.6% of total personnel. The 10,019 administrators⁵ represent the remaining 3.4% of total Florida school board employees.⁶

District school boards are also allowed to enact policies for payment of “terminal pay for accumulated sick leave.” This is payment for accrued sick leave benefits payable to an employee at termination of the employee’s employment with the school board. Section 1012.61(2)(a)4., F.S., provides a formula limiting the amount of terminal pay for accumulated sick leave applicable to instructional staff

¹ Section 1012.61, F.S.

² Defined at s. 1012.01(2), F.S., instructional personnel not only includes classroom teachers, but also media center specialists, guidance counselors, and other employees with direct regular student contact in some sort of teaching role.

³ Defined at s. 1012.01(6), F.S., educational support employees includes clerical staff, custodial, maintenance, and food service workers.

⁴ See s. 1012.61(2)(a)3., F.S.

⁵ This analysis uses the term “administrators” to cover the two classifications of employees other than instructional personnel and educational support employees. These categories are “administrative personnel” defined in s. 1012.01(3), F.S., and “managers” defined in s. 1012.01(7), F.S.

⁶ Statistical Brief Series 2004-14B, by the Florida Department of Education.

and educational support personnel. The formula is as follows:

- During the first three years of service, the daily rate of pay is multiplied by 35 percent times the number of days of accumulated sick leave.
- During years four through six, the daily rate of pay is multiplied by 40 percent times the number of days of accumulated sick leave.
- During years seven through nine, the daily rate of pay is multiplied by 45 percent times the number of days of accumulated sick leave.
- During years 10 through 12, the daily rate of pay is multiplied by 50 percent times the number of days of accumulated sick leave.
- During and after year 13, the daily rate of pay is multiplied by 100 percent times the number of days of accumulated sick leave.

Section 1012.61(2)(a)5., F.S., provides a separate formula limiting the terminal pay for accumulated sick leave applicable to administrators. Such employees may not be paid more than one-fourth of all unused sick leave accumulated on or after July 1, 2001; and total payment of all sick leave, regardless of when accrued, may not exceed 60 days.

Effect of Bill

The bill eliminates the restriction prohibiting administrators from receiving an annual cash-out of sick leave accrued during that calendar year.

It also removes the limitation on how much a school board may elect to pay administrators as terminal pay for accumulated sick leave earned before June 30, 2004. The bill provides that sick leave accrued after June 30, 2004, will be compensated at no more than the salary applicable at the time the sick leave was earned. Sick leave used during the year must be deducted from the most recent leave accrued.

If an administrator terminates his or her employment and opts to cash-out his or her sick leave earned prior to June 30, 2004, the administrator would receive payment at his or her current rate of pay, resulting in a potentially substantial payment.

C. SECTION DIRECTORY:

Section 1 amends s. 1012.61(2), F.S., to eliminate the restriction prohibiting administrators from receiving an annual cash-out of accumulated sick leave benefits.

Section 2 provides an effective date of July 1, 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None. This bill does not create, modify, amend, or eliminate a state revenue source.

2. Expenditures:

None. This bill does not create, modify, amend, or eliminate a state expenditure.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None. This bill does not create, modify, amend, or eliminate a local revenue source.

2. Expenditures:

None. This bill does not create, modify, amend, or eliminate a local expenditure.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None. This bill does not regulate the conduct of persons in the private sector.

D. FISCAL COMMENTS:

Prior to administrators being permitted to cash-out earned sick leave, many school boards issued substantial checks to administrators cashing out such leave. As a result, a restriction was placed on the ability of administrators to cash-out earned sick leave.

The bill provides that beginning July 1, 2004, an administrator will be compensated at no more than the salary applicable at the time the sick leave was earned. However if an administrator opts to cash-out his or her sick leave earned prior to June 30, 2004, the administrator would receive payment at his or her current rate of pay, resulting in a potentially substantial payment.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not require local governments to spend 1.7 million or more dollars.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Florida School Board Association has stated that it will be difficult to keep track of the current rate of pay for each public school employee. For example, a school board will have to keep payroll records for a number of years in order to adequately keep track of the salary applicable at the time sick leave was earned for teachers who might one day become administrators.⁷

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 31, 2004, the Committee on State Administration adopted two amendments to HB 305 and reported the bill favorably with committee substitute. The amendments provided that sick leave used during a year must be deducted from the most recent sick leave accrued, and removed the definition of "educational support employee", which conflicted with the definition found in current law.

⁷ State Administration Committee staff meeting with Florida School Board Association staff, March 1, 2004.