

November 15, 2011

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

REPORT ON COMPENSABLE SICK LEAVE

State statute requires the Board of Higher Education to prepare a report showing the amount by which the costs associated with compensable sick leave have been reduced as a result of the termination of compensable sick leave accrual. The report is limited to compensable sick leave for state employees who are participants of the State University Retirement System and is required annually

History/Statutory Authorizations. Public Act 83-976 created a new benefit for state employees allowing for payouts of unused sick leave days upon retirement, resignation, death, or termination from service. The benefit was intended to reduce the amount of sick leave time used by state employees. Concerns regarding the growing costs related to sick leave payouts and liabilities resulted in an amendment to the State Finance Act in 1998 that eliminated any further accumulation of compensable sick leave on January 1, 1998.

The State Finance Act (30 ILCS 105/14a) permits state employees to receive a payout upon their retirement, resignation, or termination from service for any unused accumulated sick leave days earned from January 1, 1984 through December 31, 1997. The payouts are computed by multiplying one-half of the number of accumulated sick leave days by the daily rate of an employee's salary at the time of separation from service. Participants of the State University Retirement System who are eligible for this benefit include employees of public universities, the Illinois Community College Board, Illinois Mathematics and Science Academy, State Universities Civil Service System, State Universities Retirement System, and the Illinois Board of Higher Education. This benefit as authorized by the State Finance Act does not apply to employees of community college districts. Employees of the Illinois Student Assistance Commission are eligible for this benefit, but are participants in the State Employees Retirement System and, therefore, are not included in the scope of this report.

Expenditures. Table 1 summarizes expenditures made by Illinois higher education institutions and agencies for accumulated sick leave for fiscal years 2002 through 2011. Expenditures for accumulated sick leave payouts vary annually depending on the number of employee separations each year and the salary levels of the persons leaving employment. During the nine years examined in this report, expenditures ranged from \$11.7 million in fiscal year 2010 to \$29.8 million in fiscal year 2003.

Illinois public universities, the Illinois Mathematics and Science Academy, and higher education agencies spent \$19.7 million in fiscal year 2011 for compensable sick leave, approximately \$1.0 million, or 5.3 percent, more than in fiscal year 2002. Of the total amount expended in fiscal year 2011, \$11.9 million, or 60.3 percent of the total, were from state general funds.

Tables A-1 through A-10 in the appendix provide detailed information regarding the expenditures made by each public university, the Illinois Mathematics and Science Academy, and higher education agencies by fund for fiscal years 2002 through 2011.

Accrued Liabilities. Table 2 presents accumulated sick leave liabilities for public universities, the Illinois Mathematics and Science Academy, and higher education agencies for fiscal years 2002 through 2011. The accumulated liability reflects the total value of one-half of the unused sick leave days earned between January 1, 1984 and December 31, 1997 by existing higher education employees. The total liability listed for each year is based on the employees' salaries for the listed fiscal year.

Table 2 shows that accumulated sick leave liability decreased each year between fiscal years 2002 and 2011. Accumulated liability decreased from \$203.8 million in fiscal year 2002 to \$104.5 million in fiscal year 2011, a decrease of \$99.3 million, or 48.7 percent. Approximately 63.1 percent of the fiscal year 2011 accrued liability for sick leave is from state general funds.

Tables A-11 through A-20 in the appendix provide detailed information regarding accumulated sick leave liability for each public university, the Illinois Mathematics and Science Academy, and higher education agencies by fund for fiscal years 2002 through 2011.

Conclusion. Accumulated liabilities for sick leave payouts continue to decrease in comparison to 1998, the year in which this employee benefit was terminated and accumulated liabilities totaled \$230.7 million. Expenditures and liabilities should continue this downward trend as additional employees separate from service with State Universities Retirement System employers in the future.

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Table A-1
ILLINOIS HIGHER EDUCATION INSTITUTIONS AND AGENCIES
EXPENDITURES FOR ACCUMULATED SICK LEAVE
FISCAL YEAR 2011

(in thousands of dollars)

	State Appropriated Funds	University Income Funds	Other Non- State Appropriated Funds	Total
Chicago State University	\$ 407.4	\$ 240.6	\$ 300.9	948.9
Eastern Illinois University	-	549.5	95.4	644.9
Governors State University	114.6	59.0	0.2	173.8
Illinois State University	145.9	364.4	197.7	708.0
Northeastern Illinois University	-	574.0	0.2	574.2
Northern Illinois University	599.6	595.2	169.8	1,364.6
Western Illinois University	1,308.2	-	154.9	1,463.1
<u>Southern Illinois University</u>	<u>772.6</u>	<u>504.5</u>	<u>295.2</u>	<u>1,572.3</u>
Carbondale	498.3	349.0	137.9	985.2
School of Medicine	161.4	29.4	144.3	335.1
Edwardsville	100.2	126.1	13.0	239.3
University Administration	12.7	-	-	12.7
<u>University of Illinois</u>	<u>8,511.9</u>	<u>-</u>	<u>3,680.0</u>	<u>12,191.9</u>
Chicago	2,639.8	-	1,645.8	4,285.6
Springfield	196.0	-	32.4	228.4
Urbana-Champaign	5,519.2	-	1,933.0	7,452.2
University Administration	156.9	-	68.8	225.7
Total Universities	11,860.2	2,887.2	4,894.3	19,641.7
Illinois Community College Board	7.4	-	-	7.4
Illinois Mathematics and Science Academy	5.0	-	-	5.0
State Universities Civil Service System	-	-	-	-
Board of Higher Education	-	-	-	-
State University Retirement System	-	-	50.1	50.1
Total	<u>\$ 11,872.6</u>	<u>\$ 2,887.2</u>	<u>\$ 4,944.4</u>	<u>\$ 19,704.2</u>

SOURCE: Illinois Board of Higher Education Supporting Data Requests