



# Contract Administration

**TO:** Executive Board Members and Council Leaders

**FROM:** Elizabeth S. Hough, Director of Contract Administration  
Lorraine Simpkins, Health Benefits Specialist

**DATE:** March 4, 2011

**RE:** **UPDATE - Sick Leave Credit Calculation**

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In our memo dated February 17, 2011, we advised you that the Department of Civil Service (DCS) appeared to be planning to change the life expectancy tables used to calculate the value of the monthly sick leave credit that is used to offset a retiree's share of health insurance premiums effective beginning April 1, 2011. If this change were to be implemented, the result would be a lower lifetime monthly sick leave credit because of longer life expectancies.

We are pleased to report, that in response to a "cease and desist" demand letter from PEF, the Governor's Office of Employee Relations (GOER) has now advised us that DCS will not be implementing this change effective April 1, 2011.

The State is continuing to assert that they have the legal authority to unilaterally change the actuarial tables at a future date without PEF's consent. Our position remains that the formula used to calculate the sick leave credit is a mandatory subject of bargaining and that the State cannot unilaterally change the formula because it would be a violation of the terms of the 2007-2011 PS&T Unit Agreement.

However, despite this continuing difference of opinion, DCS and GOER have at least agreed that, employees should be given "adequate" notice prior to the implementation of a change in the formula used to calculate the sick leave credit. GOER has informed us that, should DCS decide to change the life expectancy tables at a future date, it will not be done without "adequate" notice to employees.

We will keep you informed if we receive any new information suggesting that DCS is proceeding with implementation of any change in the formula used to calculate the sick leave credit on a new timetable.