



Office of Human Resources & Workforce Diversity

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(VIA EMAIL ONLY)
MEMORANDUM

June 9, 2011

TO: Chancellors
Provosts
Chief Business Officers
HR Directors/Academic Personnel Officers
AA/EEO Directors

FROM: Al Crist

RE: Update on Conversion of Sick Leave to Pay for Health Insurance after Retirement

I know there is great interest in the status of the two programs that allow employees to convert their accumulated sick leave to pay for health insurance after retirement -- Accumulated Sick Leave Conversion Credit (ASLCC) and Supplemental Health Insurance Conversion Credit (SHICC). I am writing to update you on the status of these programs given recent information I have received.

ASLCC allows retiring employees to convert all of their unused sick leave into a dollar amount to pay retiree health insurance premiums. Since this benefit is provided by statute, it would require legislative action to change it. There is no language in the biennial budget bill currently before the Legislature that would change ASLCC.

The SHICC program allows employees who have at least 15 years of continuous state service to earn sick leave credits in addition to those provided by the ASLCC program. Many employees have expressed concern about the future of this program and may be making important retirement decisions based on uncertainty about whether they might lose a very valuable benefit if they do not retire. Unlike ASLCC, SHICC is an administrative benefit rather than a statutory benefit. As such, it can be changed through a change to the state Compensation Plan. I expect that the Office of State Employment Relations (OSER) will be submitting the 2011-13 Compensation Plan to the Legislature's Joint Committee on Employment Relations (JCOER) in the near future but just when will depend on how quickly the budget is passed by the legislature.

Cynthia Archer, Deputy Secretary of the Department of Administration, has provided me assurance that **the administration does not intend to eliminate or modify SHICC at this time**. Changes to SHICC were not included in Act 10 (the budget repair bill) and are not included in the biennial budget bill currently before the legislature. Further, Deputy Secretary Archer advised me that the 2011-13 Compensation Plan to be submitted to JCOER will **not** include elimination of SHICC.

While there are no immediate plans to modify or eliminate the SHICC program, the governor's administration cannot speak for the members of JCOER.

I will keep you informed as I learn of additional information.

Thank you.

Cc: President's Cabinet
Deputy Secretary Cynthia Archer