CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

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TO: All County Superintendents of Schools
District Superintendents of Schools
Charter School Administrators
Community College Districts and
Other Employing Agencies

FROM: Jack Ehnes
Chief Executive Officer

SUBJECT: Employer Directive 2018-03
Basic and Excess Unused Sick Leave

PURPOSE

The purpose of this directive is to communicate the following information to employers:

- How unused sick leave is tracked
- The difference between basic sick leave and excess sick leave
- How and when to report unused sick leave
- The excess sick leave billing process
- The procedure for determining excess sick leave
- How to calculate the cost of excess sick leave
- The procedure for reporting educational leave and sick leave for state employees

SCOPE

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs and provides sick leave to CalSTRS members.

DISCUSSION

As an employer, it is your responsibility to track—and ultimately report to CalSTRS—the accumulated unused basic and excess sick leave of your employees who are CalSTRS members. Sick leave records may be audited. There is a difference between basic sick leave and excess sick leave, and they warrant separate tracking.

California Education Code section 22170.5 defines a "basic sick leave day" as "the equivalent of one day's paid leave of absence per pay period due to illness or injury." The same statute defines "excess sick leave days" as "the day or total number of days, granted by an employer in a pay period as defined in Section 22154 after June 30, 1986, for paid leave of absence due to illness or injury, in excess of a basic sick leave day." Under Education Code section 22154, a "pay period" is defined as "a payroll period of not less than four weeks or more than one calendar month." Based on the California Education Code, CalSTRS determines basic sick leave using a standard of 12 days per year for work performed for that employer.

At retirement, CalSTRS will calculate the amount of service credit for unused sick leave by dividing the number of unused sick leave days by the number of contract base days of service you require your employee to perform in a school year in order to earn a full year of service credit during the employee's final year. The divisor cannot be less than 175.

ACTION

Determining Unused Sick Leave Balance at Time of Retirement

To determine the number of unused sick leave days to which an employee is entitled when they retire, you must deduct the days of sick leave as they are used by the employee from the employee's accumulated and unused sick leave balance in the following order:

1. Accumulated and unused sick leave days existing on July 1, 1986 (if any)
2. Basic sick leave days granted on or after July 1, 1986
3. Excess sick leave days granted on or after July 1, 1986

Reporting Accumulated and Unused Sick Leave

You must submit the *Express Benefit Report* form (SR-0554E) to CalSTRS within 30 days of the effective date of the employee's service retirement or the date the application is received by CalSTRS, whichever is later. This form is used for reporting the amount of unused basic and excess sick leave the employee has accumulated at the time of retirement. CalSTRS will convert the total unused sick leave to service credit using the information provided on the *Express Benefit Report* form. For service retirements prior to January 1, 2013, only the last employer for whom the employee performed CalSTRS creditable service and earned service credit can report the unused sick leave. For service retirements effective on or after January 1, 2013, each employer during the last school year can submit the *Express Benefit Report* form, provided that the leave has not been transferred to another employer.

If you need to correct information that was provided on an *Express Benefit Report* form, the correction must be made and submitted using the *Employment Termination or Sick Leave Data Correction* form (SR-559). You can find this form on CalSTRS.com/forms.

Calculating the Cost for Excess Sick Leave

The actual cost of the unused excess sick leave will be provided by CalSTRS after the *Express Benefit Report* form is submitted. You can estimate the cost for any specific eligible employee by using the following steps.

Divide the unused excess sick leave days by the contract base service days, then multiply by the prior year's compensation earnable, and then multiply by the present-value factor, which will equal the amount to be paid to CalSTRS for the unused excess sick leave.

Unused Excess Sick Leave Days		*Contract Base Service Days*		*Prior Year Earnable*		*Present-Value Factor*		*Present Value*
	÷		x		x		=	

Under Education Code section 22156.5, "prior year's compensation earnable" means "the compensation earnable for the most recent school year in which the member earned service credit that precedes the last school year in which the member earned service credit." To confirm the prior year's compensation earnable, please contact us at ExpressBenReport@CalSTRS.com.

The present-value factor for the unused excess sick leave calculation is based on the member's retirement date. For example, if they retired in the 2017–18 fiscal year, then the present-value factor is 0.333. To view previous present-value factors, please refer to the *Interest and Contribution Rates and Present Value Factor* section found in the Employer Directive archives, available at CalSTRS.com.

Example:
Isabelle Juarez is a CalSTRS member and has 10 days of unused excess sick leave with a contract of 185 base days. Her prior year's compensated earnable is $59,000. Calculate the total cost of the unused excess sick leave for Isabelle as follows:

Unused Excess Sick Leave Days		*Contract Base Service Days*		*Prior Year Earnable*		*Present-Value Factor*		*Present Value*
10	÷	185	×	$59,000	×	0.333	=	$1,062

$1,062 is the employer's estimated cost.

Billing Employers for Service Credit for Excess Sick Leave
CalSTRS will bill employers for service credit granted for unused excess sick leave. The billing will be authorized only if you grant more than one day of sick leave per pay period. We will bill you only for the present value of the unused excess sick leave days, and any subsequent adjustments to the billing will be billed or refunded to you. You must remit the amount billed within 30 days after the effective date of retirement or within 30 days after the date CalSTRS has notified you that a certification must be made, whichever is later. If we do not receive the payment within 30 days, the present value will be recalculated to include regular interest from the benefit effective date to the date the full payment is received.

Reporting Educational Leave and Sick Leave for State Employees
Educational Leave for State Employees
Service credit for unused educational leave is available to eligible state employees in state bargaining units that have agreed to Education Code section 22717.5 in a memorandum of understanding, or as authorized by the director of Human Resources for classifications of state

employees that are excluded from the definition of "state employee" by paragraph (c) of Section 3513 of the Government Code. Service credit for this type of leave is available to those who retire directly from state employment on or after January 1, 2000.

Under Education Code section 22717.5, state employees will receive 0.004 years of service credit for each unused day of educational leave.

When submitting the *Express Benefit Report* form for educational leave, employers of state employees must advise CalSTRS that the information provided is educational leave. Base days are not required for this type of leave.

Sick Leave for State Employees

Employees who work in state employment are eligible to convert their unused sick leave to service credit when retiring from CalSTRS. State employees will receive 0.004 years of service credit for each unused day of sick leave. Base days are not required for this type of leave.

This employer directive is intended to serve as a reference for reporting unused sick leave to CalSTRS and does not take precedence over the law. If there is a conflict between the law and this directive, the law prevails.

If you have any questions regarding this employer directive, please contact ExpressBenReport@CalSTRS.com.