

Office of Personnel Management

Policy

Policy Title: Pay Out of Annual, Sick and Holiday Leave	Policy Number: 40.05
Citation: Arkansas Code Annotated § 21-4-404; §§ 21-4-501 through 505	Forms: Leave Payout Authorization Sick Leave Incentive Pay Calculation Work- sheet http://www.dfa.arkansas.gov/offices/ personnelManagement/Pages/forms.aspx

Definition

Retirement means an employee’s withdrawal from the service of a public employer, with an annuity payable from funds of the employee’s retirement system.

Purpose

The state allows for employees to be paid for unused annual, sick, and holiday time earned upon termination, resignation, retirement, death or other action by which an individual ceases to be an active employee of the state.

Specific Provisions

When an employee terminates state employment and receives compensation for unused annual and holiday leave, he/she may not return to state employment until the number of days for which he/she received additional compensation has expired. However, an employee may return prior to the expiration only if they reimburse the re-employment agency or institution for the number of days paid but not yet expired. Such reimbursement will result in the appropriate number of days being reinstated to the employee’s accrued annual leave.

Payment of additional compensation upon an employee’s termination from state employment shall not be considered as exceeding the maximum pay level for the position the employee is leaving.

If an employee receives compensation for unused sick leave at retirement as described below, the employee shall not be required to wait until the expiration of the number of days for which he/she received sick leave compensation before returning to state government nor shall the employee be required to repay the amount of the compensation.

If an employee dies while actively employed by the state, the deceased’s estate or the employee’s beneficiary shall receive payment for unused annual and holiday leave not to exceed sixty (60) days and any sick leave that is authorized to the employee. The maximum payment for unused sick leave is \$7,500.

Policy Title: Pay Out of Annual, Sick and Holiday Leave	Policy Number: 40.05
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Annual and Holiday Leave

When an employee terminates employment with the state, they are eligible to receive a payout of their annual leave up to 30 days or 240 hours. However, upon termination, annual, as well as birthday and holiday leave, may not exceed thirty (30) days or 240 hours.

Sick Leave

Employees are not entitled to payment of accrued and unused sick leave when they terminate their employment.

Upon retirement or death, an employee, or an employee's beneficiary, may be compensated for accumulated unused sick leave or Sick Leave Incentive Payout as follows:

1. If the employee has accumulated at least fifty (50) days, but less than sixty (60) days of sick leave, the employee shall receive an amount equal to fifty percent (50%) of the number of accrued sick leave days (rounded to the nearest day) times fifty percent (50%) of the employee's daily salary.
2. If the employee has accumulated at least sixty (60) days, but less than seventy (70) days of sick leave, the employee shall receive an amount equal to sixty percent (60%) of the number of accrued sick leave days (rounded to the nearest day) times sixty percent (60%) of the employee's daily salary.
3. If the employee has accumulated at least seventy (70) days, but less than eighty (80) days of sick leave, the employee shall receive an amount equal to seventy percent (70%) of the number of accrued sick days (rounded to the nearest day) times seventy percent (70%) of the employee's daily salary.
4. If the employee has accumulated at least eighty (80) or more days of sick leave, the employee shall receive an amount equal to eighty percent (80%) of the number of accrued sick leave days (rounded to the nearest day) times eighty percent (80%) of the employee's daily salary.

The employee's daily salary shall be determined by dividing the annual salary by two hundred and sixty (260).

Upon retirement or death, if the balance of the employee's sick leave does not meet the criteria for a Sick Leave Incentive Payout, the employee or their beneficiary may donate their sick leave to the Catastrophic Leave Program.

Policy Title: Pay Out of Annual, Sick and Holiday Leave	Policy Number: 40.05
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When an employee receives a payout for unused sick leave at retirement or death, hours used to calculate the maximum payout of \$7,500 cannot be donated to the Catastrophic Leave Bank. Once the calculation of the number of accrued hours needed to receive a full payout of \$7,500 has been made, any remaining hours may be donated to the Catastrophic Leave Bank.

In no event shall an employee or beneficiary receive an amount that exceeds seven thousand five hundred dollars (\$7,500) upon retirement or death of an employee.

Unused sick leave for non-classified employees of state-supported institutions of higher education shall accrue at the same rate for classified employees.

Compensation for accumulated unused sick leave shall not be used by the Arkansas Teacher Retirement System in the calculation of the final average salary when calculating retirement rates.

For the purposes of calculating sick leave incentive pay for retirees and employees who died while actively employed by the state, paid sick leave taken under the Family and Medical Leave Act of 1993 will be added to the final sick leave balance.

If an employee was terminated due to budgetary reasons or curtailment of work activities, accrued sick leave shall be restored to an employee's credit if he/she returns to state employment within six (6) months of termination.

Revised October 26, 2015