



National Federation of Federal Employees, IAMAW, AFL-CIO



Unused Sick Time for Federal Employees

Position: Currently, federal employees under the Federal Employees Retirement System (FERS) get no credit for unused sick time upon retirement. However, federal workers under the Civil Service Retirement System (CSRS) do get credit for unused sick time. This discrepancy is unfair to some federal workers and it causes an incentive for FERS workers to use up their sick time as retirement approaches, costing the government millions of dollars in lost efficiency. Congress should address this growing problem by passing HR 5573, a bill that would grant FERS retirees a one-time payment of 15 percent of the hourly rate of their final salary for any sick leave balance of more than 500 hours, up to \$10,000.

For years, federal managers have struggled with what appears to be a general increased use of sick leave by employees under the Federal Employees Retirement System (FERS) as compared to sick leave used by Civil Service Retirement System (CSRS) employees, particularly as employees from both groups near retirement. This is not surprising considering that sick leave has no value to FERS employees when they retire, while CSRS employees get credit toward their pension for unused sick time.

A practical solution to discourage the excessive use of sick leave is to give it value. In 2004, the Congressional Research Service determined that FERS employees who were eligible to retire, or were approaching eligibility, used substantially more sick leave and had much lower sick leave balances than comparable CSRS retirees and employees. In 2006, the Office of Personnel Management (OPM) similarly concluded FERS employees who were eligible to retire or nearing eligibility used more sick leave than their CSRS counterparts.

The loss in productivity for the additional leave used by FERS employees is substantial. Overused sick leave across the government costs an estimated \$68 million per year in lost productivity. This is a serious problem that will get worse as more and more federal employees reach retirement, and a greater percentage of those retirees are covered under FERS.

When the FERS legislation was created, it left open the topic of sick leave. Recognizing that without an incentive to save leave employees could abuse the system, the conference report urged OPM to examine the issue. The original legislation was passed over 20 years ago, and still, there has been no action to deal with this problem.

HR 5573, introduced by Reps. Jim Moran (D-VA) and Frank Wolf (R-VA), would finally address this important issue. Language in this bill would grant FERS retirees a lump sum payment for unused sick leave when they retire. The amount would vary for each retiree, but would be calculated as 15 percent of the hourly rate of their final salary for any sick leave balance of more than 500 hours, up to \$10,000.

We support HR 5573. This bill will eliminate much of the inequity between the two federal retirement systems. The benefit will also pay for itself with increased productivity from FERS employees reaching retirement.