

2013-15 ACCRUED LEAVE PAYMENTS LINE ITEM

This memorandum provides information regarding payments made by agencies from the accrued leave payments line item included in agency appropriation bills approved by the 2013 Legislative Assembly.

The 2013 Legislative Assembly created the accrued leave payments line item in agency appropriation bills by shifting a percentage of funds from the salaries and wages line item to a separate line item for paying accrued annual leave and sick leave of retiring or resigning employees. The funding shifted to the accrued leave payments line item was determined using the number of authorized full-time equivalent (FTE) positions for each agency. The amount was based on the following percentages of the biennial total of each agency's salaries and wages for its FTE positions:

Number of FTE Positions	Percentage of Salaries and Wages to Include in a Separate Line Item
0 to 9	1%
10 to 99	2%
100 to 249	3%
250 or more	4%

The North Dakota University System was excluded from having funding shifted to an accrued leave payments line item because the Legislative Assembly appropriates funding to University System entities in the form of a block grant. The Department of Human Services (DHS) was also excluded because traditionally the DHS salaries and wages line item is reduced in anticipation of savings from vacant positions and employee turnover. For the 2013-15 biennium the salaries and wages line item was reduced by \$4,283,026 from the general fund. This represents a reduction of approximately 2.5 percent of total general fund DHS salaries and wages proposed in the executive budget.

By shifting funds to an accrued leave payments line item the Legislative Assembly intended to:

- Identify the total amount spent by state agencies during a biennium for accrued annual leave and sick leave payments relating to resigning or retiring employees; and
- Limit the ability of agencies to use salary savings from vacant positions or employee turnover to provide additional employee raises or for other purposes.

The Governor vetoed a portion of Section 14 of 2013 House Bill No. 1015, relating to the accrued leave payments line item included in agency appropriation bills. The vetoed portion provided for the Emergency Commission to approve agency requests for line item transfers from the accrued leave payments line item to the salaries and wages line item or other line item that includes salaries and wages funding, subject to the agency providing documentation justifying the need for the funding transfer. The Governor's veto removed the requirement for Emergency Commission approval. The Governor's veto message provided that both the accrued leave payments line item and the salaries and wages line item are available for payment of salaries, but that agencies rely first on their salaries and wages line item and not access the accrued leave payments line item until necessary.

Information regarding state agency use of funds provided in the accrued leave payments line item may be viewed in [Appendix A](#). Information regarding state agency use of funds provided in the salaries and wages line item may be viewed in [Appendix B](#).