

**NORTH CENTRAL EDUCATIONAL SERVICE DISTRICT  
ADMINISTRATIVE PROCEDURE**

**No. 5330-P2**

**CONVERSION OF ACCUMULATED SICK LEAVE**

**I. Annual Conversion of Accumulated Sick Leave (Attendance Incentive Program)**

Eligible employees may elect to convert excess sick leave to cash or to monetary contributions to a benefit plan that provides reimbursement for medical expenses.

**A. Eligible Employees and Excess Sick Leave:**

1. Eligibility to convert excess sick leave hours to cash amounts shall be determined as follows:
  - a. Employee shall have accumulated in excess of 60 full days (480 hours) of unused sick leave at a rate of accumulation no greater than one full day per month (a maximum of 12 days per year) as of the end of the previous calendar year; and
  - b. Employee shall provide written notice to his or her employer during the month of January of his or her intent to convert excess sick leave hours to cash.
  
2. Excess Sick Leave: The number of sick leave days which an eligible employee may convert shall be determined by:
  - a. determining the number of sick leave days in excess of 60 full days that were accumulated by the employee during the previous calendar year at a rate of accumulation no greater than one full day per month (a maximum of 12 days per year); and
  - b. subtracting the number of sick leave days used by the employee during the previous calendar year. The remainder, if positive, shall constitute the number of sick leave hours which may be converted.
  
3. Eligibility to convert excess sick leave hours to monetary contributions to a benefit plan that provides reimbursement for medical expenses shall be determined as follows:
  - a. An employee shall have accumulated in excess of 180 full days (1,440 hours) of unused sick leave at a rate of accumulation no greater than one full day per month (a maximum of 12 days per year) as of the end of the previous calendar year; and
  - b. shall be a member of a personnel classification electing to have excess sick leave contributed to a medical expense benefit plan; and
  - c. shall provide written notice to the Payroll department or Executive Director Human Resources during the month of January of his or her intent to convert excess sick leave hours to monetary contributions.

- B. Rate of Conversion:** Sick leave hours that are eligible for conversion shall be converted at the rate of twenty five percent (25%) of an employee's current, full-time hourly rate of compensation. Partial hours of eligible sick leave shall be converted on a pro rata basis.

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- C. All sick leave hours converted pursuant to this policy shall be deducted from an employee's accumulated sick leave balance.
- D. Monetary conversion of unused sick leave shall not be included in computing a retirement allowance under any public retirement system in this state.

**II. Conversion of Sick Leave Upon Retirement or Death**

- A. Employee eligibility, sick leave hours, and rate of conversion of sick leave to monetary amounts shall be determined as follows:
  - 1. Eligible Employees: Each person who terminates employment due to either retirement or death may personally, or through his or her estate in the event of death, elect to convert all eligible, accumulated, unused sick leave hours to cash or monetary compensation contributions to a benefit plan that provides for the reimbursement of medical expenses if the person is a member of a personnel classification electing such: provided, that employees who terminate employment, but leave funds on deposit with a state retirement system, shall not be considered to have retired or to be an eligible employee for the purposes of this policy.
  - 2. Eligible Sick Leave Hours:
    - a. Cash Out: All unused sick leave hours that have been accumulated by an eligible employee at a rate of accumulation no greater than one full day per month (a maximum of 12 days per year), less sick leave days converted pursuant to the annual conversion provisions of this procedure, less sick leave hours credited as service rendered for retirement purposes, and less sick leave hours earned in the last twelve months, will be converted to cash upon the employee's termination of employment due to retirement or death.
    - b. Medical Expense Reimbursement Benefit Plan Contribution: All unused sick leave hours that have been accumulated by an eligible employee at a rate of accumulation no greater than one full day per month (a maximum of 12 days per year), less sick leave hours converted pursuant to the annual conversion provisions of this policy and less sick leave hours credited as service rendered for retirement purposes, will be converted to monetary contribution to a benefit plan that provides for the reimbursement of medical expenses upon the employee's termination of employment due to retirement or death.

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3. Rate of Conversion: Sick leave hours that are eligible for conversion shall be converted at the rate of twenty-five (25%) percent of an employee's current full-time hourly rate of compensation. Partial hours of eligible sick leave shall be converted on a pro rata basis.
  4. Sick Leave Conversion Calculation  
Hourly rate of pay for purposes of sick leave cash out shall be calculated as follows:
    - a. Personnel contracted for a specific number of work days and not eligible for paid holidays and vacation shall be calculated by dividing the salary amount by the number of contracted hours.
    - b. Personnel eligible for paid holidays and vacation shall be calculated by dividing the annual salary by the number of annual work hours. Annual work hours shall be determined by subtracting paid holiday hours and annual vacation hours.
- B. All sick leave hours converted pursuant to this policy shall be deducted from an employee's accumulated sick leave balance.
- C. Monetary conversion of unused sick leave shall not be included for computing a retirement allowance under any public retirement system in this state.

Adopted: July 15, 1980  
Revised: May 11, 1981  
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Revised: January 27, 1998  
Revised: October 24, 2018