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**Sick-Leave Payouts: The Taxpayers’ Headache**

It's a difficult problem for many governments. Massachusetts is beginning to get a handle on it.

BY [CHARLES CHIEPPO](http://www.governing.com/authors/Charles-Chieppo.html) | JUNE 17, 2016

The aftershocks are still being felt in Massachusetts from the case of a state university president who received a payout for unused sick and vacation time [of nearly $270,000](http://www.governing.com/blogs/bfc/col-massachusetts-public-university-president-payout-sick-vacation-time.html) upon his retirement last year -- in addition to an annual pension of more than $183,000 and a $100,000 consulting gig. Proposed fixes are taking shape that, though imperfect, are steps in the right direction.

[The problem is very real](http://www.governing.com/gov-institute/voices/col-local-government-paid-sick-leave-reform.html) for many state and local governments. In Massachusetts alone, as of last year taxpayers faced about $500 million in liability for unused sick and vacation time.

The outcry over former Bridgewater State University President Dana Mohler-Faria's golden payout has already had an impact. Mohler-Faria refunded the state for 15 weeks of improperly accrued vacation time and agreed to terminate his lucrative consulting contract.

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For the longer term. Gov. Charlie Baker, a Republican, has proposed legislation that would limit executive-branch employees' accrued sick time for to 1,000 hours, or about six months of work. The approximately 5,800 executive-branch workers who already have accrued more than that would be grandfathered, though their sick time would be capped at the hours accrued at the time of the legislation's passage.

Another bill, this one filed by Democratic state Rep. Colleen Garry, is tougher, limiting payouts to 15 percent of an employee's annual salary. Regardless of what you might think of her proposal, Garry made a point that public officials everywhere should heed, saying that government should "pay public employees fairly during their working years and not push compensation into retirement packages."

Mohler-Faria was one of 10 state and community-college officials who received six-figure vacation and sick-time payments between 2011 and 2015. Just this week, the Board of Higher Education eliminated the practice of rolling unused vacation time into a sick-leave bank and will gradually reduce the maximum vacation allowance to 50 days, still over 50 percent more than the limit for most state employees.

The University of Massachusetts, which is not governed by the Board of Higher Education, had previously limited accrued time off to 960 hours for non-union employees, but it remains unlimited for union workers -- yet another reminder of why post-retirement benefits should never be subject to collective bargaining.

The Board of Higher Education's new policies eliminate the worst abuses, but challenges remain when it comes to reforming policies around accrual of unused sick and vacation time. For one thing, whatever emerges from Massachusetts' legislative process is likely to cover only-executive branch employees.

Perhaps state and local government officials everywhere should be guided by Gov. Baker's simple point: "Sick leave is a benefit designed to deal with health and family issues, not a retirement bonus. Bringing … sick-leave accrual policy in line with other private- and public-sector employers just makes sense and is the fiscally responsible thing to do." What a concept.

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