

**California Department of Human Resources
Memorandum**

TO: Personnel Management Liaisons (PML)

SUBJECT: Bargaining Units 2, 7, 9, 10, 12 and 13 Cash Out of Vacation/Annual Leave – Fiscal Year 2014-15	REFERENCE NUMBER: 2015-011
DATE ISSUED: 04/03/15	SUPERSEDES: 2014-008

This memorandum should be forwarded to:

**Personnel Officers
Employee Relations Officers**

FROM: California Department of Human Resources
Labor Relations Division

CONTACT: Personnel Services Branch
(916) 323-3343
Fax: (916) 322-0765
Email: psb@calhr.ca.gov

The following Memorandums of Understanding (MOU) allow for an annual cash out of up to twenty (20) hours of accumulated vacation/annual leave for the 2014-15 fiscal year:

- California Attorneys, Administrative Law Judges and Hearing Officers in State Employment (CASE) - Bargaining Unit 2
- California Statewide Law Enforcement Association (CSLEA) - Bargaining Unit 7
- Professional Engineers in California Government (PECG) - Bargaining Unit 9
- California Association of Professional Scientists (CAPS) - Bargaining Unit 10
- International Union of Operation Engineers (IUOE) - Bargaining Unit 12

For the 2014-15 fiscal year the following MOU allows for a cash out of up to forty (40) hours of accumulated vacation/annual leave. Each fiscal year thereafter, bargaining unit 13 allows for an annual cash out of up to twenty (20) hours:

- International Union of Operation Engineers (IUOE), Locals 39 and 50, AFL-CIO - Bargaining Unit 13

To participate, employees must have an appointment in one of the above bargaining units and work in a department with available funds. The number of hours allowable for cash out may not exceed what is specified in the applicable MOU.

Vacation/annual leave cash out means that eligible employees in participating departments may receive payment at their regular salary rate in exchange for accrued vacation or annual leave.

Each department's participation is subject to the availability of departmental funds. Thus, you must pay from departmental appropriations all leave hours cashed out by your employees. The Department Certification of Funding and Participation Form for the vacation/annual leave cash out program for bargaining units 2, 7, 9, 10, 12 and 13 is attached. This form must be completed and returned to the California Department of Human Resources (CalHR) in the

month of April. Departments are to complete and return the form even if they do not have employees in the impacted MOUs.

Departments are to notify their bargaining unit 2, 7, 9, 10, 12 and 13 employees in the month of April whether the department has funds available for the purpose of cashing out accumulated vacation/annual leave. In those departments that have funds available, employees will also be advised of the number of hours that may be cashed out, not to exceed the allowable amount specified above. Departments are advised to keep documentation of the employee notification and the method used to provide such notification.

Employees who wish to cash out vacation/annual leave must submit a written request (sample form attached) during the month of May to the individual designated by the department.

Departments are to issue payments for the cashed out vacation/annual leave during the month of June and are to deduct the cashed out accumulated vacation/annual leave hours from the employees leave balances. To be eligible for the cash out the employee must be in an applicable MOU at the time payment is issued.

An employee may only participate in the vacation/annual leave cash out program one time per fiscal year, in one department.

Departments will "key" payment information on a flow basis, but all payments under this cash out program must be completed by June 30th. For tax purposes, payments will be ordinary income in the month that payment is made. Tax withholding rates for this cash out will be: (a) Federal Tax, 25.0%; (b) State Tax, 6.6%; (c) FICA, (if applicable), 6.2%; and (d) Medicare, (if applicable), 1.45%, for wages or compensation in excess of \$200,000 in the calendar year additional Medicare 0.09% will be withheld. Payments under this cash out program are subject to garnishments, if applicable.

Additional details will be issued by the State Controller's Office (SCO) in the near future providing instructions to department personnel offices.

For questions related to this PML, state department personnel office designated liaisons should contact CalHR's Personnel Services Branch by emailing questions to psb@calhr.ca.gov or calling (916) 323-3343.

/s/Mary Sue Paul

Mary Sue Paul, Manager
Personnel Services Branch

Attachments

Department Certification of Funding and Participation
Sample – Employee Cash Out Leave Request

**State of California
MEMORANDUM**

TO: D-22
California Department of Human Resources (CalHR)
Personnel Services Branch

DATE: _____

FROM: _____

SUBJECT: Bargaining Unit 2, 7, 9, 10, 12 and 13 – Vacation/Annual Leave Cash Out Program
Fiscal Year 2014-15

Please identify the bargaining unit(s) your department currently has employees in:
(check all that apply)

- Bargaining Unit 2 - CASE
- Bargaining Unit 7 - CSLEA
- Bargaining Unit 9 - PECG
- Bargaining Unit 10 – CAPS

- Bargaining Unit 12 - IUOE
- Bargaining Unit 13 - IUOE, Locals 39 and 50, AFL-CIO

I hereby certify our department Vacation/Annual Leave Cash Out Program is as described below.

Check applicable statement(s):

- 1. The department has no employees in Bargaining Units 2, 7, 9, 10, 12 and 13.
- 2. The department has employees in the above Bargaining Units but will not participate in the Vacation/Annual Leave Cash Out Program for this fiscal year.
- 3. The department will participate in the Vacation/Annual Leave Cash Out Program for this fiscal year. We will not require supplemental funding.

Projected department cost of the cash out for this fiscal year is:
\$ _____.

Employees in Bargaining Units 2, 7, 9, 10, and 12 are eligible to cash out up to _____ hours.

Employees in Bargaining Unit 13 are eligible to cash out up to _____ hours.

Signature of Agency Head/Representative

Name (Printed)

Title

Address

Phone Number

Date

cc: _____, Department of Finance Budget Analyst

**2015
Bargaining Unit 2, 7, 9, 10, 12 and 13
Vacation/Annual Leave Cash Out Program**

Employee Name: _____

Division/Facility: _____

Employee CBID: _____ Classification: _____

I hereby elect to participate in the Bargaining Unit 2, 7, 9, 10, 12 and 13 Vacation/Annual Leave Cash Out Program as described below.

Choose the applicable election option below:

- I elect not to participate in the Vacation/Annual Leave Cash Out Program for fiscal year 2014-15.
- I elect to participate in the Vacation/Annual Leave Cash Out Program for fiscal year 2014-15 and certify that I have available leave balances in order to participate in this cash out program.

I elect to cash out the following leave:

Vacation Hours: _____ Annual Leave Hours: _____

Total unused leave hours elected to be cashed out: _____

Payments made in 2015 will be included in W-2 forms for Tax Year 2015. Payments will not be subject to deductions for retirement. Payments will be subject to the following deductions/withholdings.

Federal Tax Withholding:	25.0%
State Tax Withholding:	6.6%
FICA (if applicable):	6.2%
Medicare (if applicable):	1.45%

Note: For wages or compensation in excess of \$200,000 in the calendar year additional Medicare 0.09% will be withheld.

Employees must return the election form to the personnel office by _____ in order to participate in the Vacation/Annual Leave Cash Out Program for fiscal year 2014-15. Employees who elect not to participate must also return the form.

I make this election freely and voluntarily and hereby waive any right to change the option selected once processing begins.

Signature of Employee

Date

Employee Name (Printed)

Phone Number

Division/Facility

Work Address

cc: _____, Employee's Supervisor

