

State of California

MEMORANDUM

To: PERSONNEL MANAGEMENT LIAISONS

Date: November 13, 1991

Reference Code: 91-75

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Personnel Officers

From: Department of Personnel Administration
Office of the Director

Subject: Open Enrollment Period for Annual Leave

As authorized by Department of Personnel Administration (DPA) Rule 599.753, the next open enrollment period for the Annual Leave Program is December 1 through December 31, 1991. Employees eligible to participate in the program include managerial employees designated "M," exempt and excluded managerial employees designated "E99" (except statutory exempts), Traffic Sergeants of the California Highway Patrol (S05), and represented employees in Bargaining Units 5, 13, and 16.

The attached material describes the program in detail. Your department should make the information available to each of your eligible employees prior to the open enrollment period. Please note we have prepared a summary for managerial employees and a different summary for represented employees, since managers and California Highway Patrol Traffic Sergeants have different vacation and annual leave accrual rates than do represented employees.

In addition, we are requesting that departmental personnel officers report the annual leave enrollment statistics following the closure of the open enrollment period to the DPA. A printout listing of eligible employees will be sent to your office. That listing will contain a summary sheet on which enrollment results can be reported, as well as instructions on how to report the enrollment.

Please contact Oscar A. Alarcon at (916) 324-0523 or ATSS 454-0523 if you have any questions on this program.



Wendell M. Coon, Chief
Policy Development Office

Attachments

THIS SUMMARY OF THE ANNUAL LEAVE PROGRAM
APPLIES ONLY TO MANAGERIAL EMPLOYEES AND
SERGEANTS OF THE HIGHWAY PATROL

An opportunity to enroll into the Annual Leave Program is being offered to employees and sergeants in the California Highway Patrol. This program allows for the replacement of traditional vacation and sick leave credits with a more versatile annual leave pool. It also increases the leave accumulation limit and improves the Nonindustrial Disability Insurance (NDI) benefit to 50% income replacement. The specific provisions include:

Annual Leave

Under the Annual Leave Program, employees will earn six days of additional leave (in lieu of the current 12 days of sick leave) by adding four hours of annual leave to the existing monthly vacation accrual schedule. Employees who work less than full time will earn annual leave credits pro-rated to their time base. The table below reflects the annual leave accrual rate for a full-time employee:

<u>Length of Service</u>	<u>Current Vacation Accrual</u>	<u>Annual Leave Accrual</u>
1 month to 3 years	7 hours/month	15 hours/month
37 months to 10 years	11 hours/month	15 hours/month
121 months to 15 years	13 hours/month	17 hours/month
181 months to 20 years	14 hours/month	18 hours/month
241 months to 25 years	15 hours/month	19 hours/month
301 months and over	16 hours/month	20 hours/month

Annual leave can be used to meet the employee's need for paid time off for any management-approved absence covered by sick leave and vacation in the past. Employees will be allowed to accumulate up to a maximum of 640 hours of annual leave. Exceptions to this limit will not be allowed except in extremely unusual situations as determined by the Director of the Department of Personnel Administration. Annual leave credits are treated like vacation when the employee separates from the State; employees receive a lump sum payment at full pay for accumulated credits.

Vacation

At the time of enrollment, an employee's vacation balance will be transferred to the Annual Leave Bank. Thereafter, no vacation credits will be accrued, and annual leave credits will begin accruing according to the rate schedule shown above.

Sick Leave

Sick Leave credits will no longer be accrued once enrolled in the Annual Leave Program. However, sick leave balances in existence at the time of enrollment will be maintained for use by the employee for approved sick leave purposes. Sick Leave credits on the books at the time of retirement will continue to be converted to service credit at current formulas (2000 hours of sick leave converts to service credit that would provide a monthly retirement benefit of approximately 2% of pay for a miscellaneous employee who retires at age 60).

Improved Nonindustrial Disability Insurance Under Annual Leave

The Nonindustrial Disability Insurance (NDI) benefit which covers nonjob related disabilities will be improved for annual leave participants from its current level of \$135/week for 26 weeks to 50% of gross salary for 26 weeks. The requirement to exhaust sick leave credits prior to qualifying for NDI benefits has been eliminated. Disability payments may also be supplemented with annual leave, sick leave and partial employment to provide for up to 100% income placement. At the time of an NDI claim, the employee must elect to choose either the 50% NDI benefit rate or a supplementation level of 75% or 100% of gross pay. Once a claim for NDI has been filed and the employee has determined the rate of supplementation, the supplemental rate shall be maintained throughout the disability period. Employees may choose a different supplementation rate for claims related to subsequent disabilities.

PLEASE NOTE: Employees who enroll in annual leave while on an NDI claim, will continue to receive the original NDI pay for the duration of the claim. The improved benefit would be payable on a subsequent claim.

Eligibility

Eligibility is limited to employees who are designated managerial (CBID = M and nonstatutory E-99) and Sergeants in the California Highway Patrol (CBID = S05). Part time employees, permanent intermittent employees, and employees whose appointments are either limited term or temporary are eligible to participate in the Annual Leave Program if their current appointments and CBID's are in the eligible category. Employees on T&D assignments are eligible to participate in Annual Leave only if their permanent civil service appointments and resulting CBID's are in one of the eligible categories. Statutory exempt employees who do not accrue sick leave and vacation are not eligible to participate.

Enrollment

The open enrollment period for Annual Leave is December 1-31, 1991 with a program participation effective date of January 1, 1992. Eligible employees may voluntarily choose to participate in the Annual Leave Program by completing and returning an election form to their Personnel Office during the enrollment period. Enrollment forms must be received by department Personnel Offices by December 31st for a January 1, 1992, effective date.

Employees who are appointed, during the year, to positions meeting the eligibility criteria will be afforded an opportunity to enroll for a period of 60 days following the appointment.

Irrevocability

An election to participate in the Annual Leave Program is IRREVOCABLE. As long as an employee is employed in State service in any position in which leave credits are provided, the election to participate in the Annual Leave Program will remain in effect.

Enrollment Considerations

Participation in either the Annual Leave Program or the current leave system is a voluntary and personal choice of each employee. An employee should carefully evaluate the leave programs to determine which is more beneficial to the employee's personal needs. Among the key considerations are:

- The Annual Leave Program provides employees with more discretionary time off. Since the majority of eligible employees utilize less than six days of sick leave per year, this program can provide these employees with extra leave days to: 1) take as time off; 2) cash out in the vacation buy back program; or 3) accumulate up to the maximum 640 hour cap (rather than the current 400) to sell at separation or retirement.
- Employees will accumulate 6 fewer days of sick leave per year. This time will not be available for use for self or family sick leave usage nor to be used as a retirement supplement.
- Current NDI benefits are prescribed by law to provide 50% of pay up to \$135 per week. For many employees, \$135 per week does not represent a significant income replacement benefit.

Consequently, many employees have traditionally relied solely on their leave balances (sick/vacation) to sustain an adequate income during a disabling illness or injury. Employees who elect annual leave are eligible to receive a 50% of pay NDI benefit with supplementation of annual leave, sick leave or partial employment to provide up to 100% of pay. Therefore, the need to maintain a large sick leave balance in order to sustain an adequate income in case of illness or injury is greatly lessened.

For example, if an employee had never used any sick leave since entering State service, it would take at least 10.5 years to accumulate a sick leave bank of 1,000 hours. A major illness or disability of six months duration would exhaust a sick leave bank of that size. Once a sick leave bank is exhausted, it would take quite a while before sufficient sick leave credits could again be established to cover another major illness. On the other hand, NDI leave and its benefits are available for each major illness. Therefore, NDI in its enhanced form under the Annual Leave Program is a better type of short-term disability insurance than reliance on sick leave accumulation.

- Any currently accrued sick leave can be kept and used under current sick leave provisions to supplement NDI and for retirement service credit purposes.

ANNUAL LEAVE ELECTION FORM FOR MANAGERIAL EMPLOYEES AND
SERGEANTS OF THE CALIFORNIA HIGHWAY PATROL

Employee Name _____ Unit # _____

Social Security Number _____

Department/Location _____

Phone Number _____ CBID _____

I elect to participate in the Annual Leave Program effective
January 1, 1992.

I understand that under the Annual Leave Program I will no longer
accrue sick leave or vacation credits. Instead, my current
vacation credit, plus 4 hours/month will be accrued as annual
leave. My sick leave bank will continue to be available for sick
leave purposes and conversion to service credit at my retirement.
I will be eligible to receive 50% NDI benefits (with the ability
to supplement with leave credits or partial employment up to 75%
or 100% salary). I understand that an election to the Annual
Leave Program is IRREVOCABLE and that I waive any right to change
this election.

I make this election freely and voluntarily.

Signature _____

Date _____

NOTE: If this election form is not returned to the Personnel Office by
December 31, 1991, it will be deemed an election to stay in the
current sick leave/vacation leave accrual system.

THIS SUMMARY OF THE ANNUAL LEAVE PROGRAM
APPLIES ONLY TO STATE EMPLOYEES REPRESENTED
BY BARGAINING UNITS 5, 13, AND 16

An opportunity to enroll into the Annual Leave Program is being offered to employees represented by State Bargaining Units 5, 13, and 16. The Annual Leave Program allows for the replacement of traditional vacation and sick leave credits with a more versatile annual leave pool. It also increases the leave accumulation limit and improves the Nonindustrial Disability Insurance (NDI) benefit to 50% income replacement. The specific provisions include:

Leaves

Under the Annual Leave Program, employees will earn six days of additional leave (in lieu of the current 12 days of sick leave) by adding four hours of annual leave to the existing monthly vacation accrual schedule. Employees who work less than full time will earn annual leave credits pro-rated to their time base. The table below reflects the annual leave accrual rate for a full-time employee:

<u>Length of Service</u>	<u>Current Vacation Accrual</u>	<u>Annual Leave Accrual</u>
1 month to 3 years	7 hours/month	11 hours/month
37 months to 10 years	10 hours/month	14 hours/month
121 months to 15 years	12 hours/month	16 hours/month
181 months to 20 years	13 hours/month	17 hours/month
241 months and over	14 hours/month	18 hours/month

Annual leave can be used to meet the employee's need for paid time off for any management-approved absence covered by sick leave and vacation in the past. Employees will be allowed to accumulate up to a maximum of 640 hours of annual leave. Exceptions to this limit will not be allowed except in extremely unusual situations as determined by the Director of the Department of Personnel Administration. Annual leave credits are treated like vacation when the employee separates from the State; employees receive a lump sum payment at full pay for accumulated benefits.

Vacation

At the time of enrollment, an employee's vacation balance will be transferred to the Annual Leave Bank. Thereafter, no vacation credits will be accrued, and annual leave credits will begin accruing according to the rate schedule shown above.

Sick Leave

Sick leave credits will no longer be accrued once enrolled in the Annual Leave Program. However, sick leave balances in existence at the time of enrollment will be maintained for use by the employee for approved sick leave purposes. Sick leave credits on the books at the time of retirement will continue to be converted to service credit at current formulas (2,000 hours of sick leave converts to service credit that would provide a monthly retirement benefit of approximately 2% of pay for a miscellaneous employee who retires at age 60).

Improved Nonindustrial Disability Insurance Under Annual Leave

The Nonindustrial Disability Insurance (NDI) benefit which covers nonjob related disabilities will be improved for annual leave participants from its current level of \$125/week for 26 weeks to 50% of gross salary for 26 weeks. Disability payments may also be supplemented with annual leave, sick leave and partial employment to provide for up to 100% income placement. At the time of an NDI claim, the employee may elect either the 50% NDI benefit rate or a supplementation level of 75% or 100% of gross pay. Once a claim for NDI has been filed and the employee has determined the rate of supplementation, the supplemental rate shall be maintained throughout the disability period. Employees may choose a different supplementation rate for claims related to subsequent disabilities.

PLEASE NOTE: Employees who enroll in annual leave while on an NDI claim, will continue to receive the original NDI pay for the duration of the claim. The improved benefit would be payable on a subsequent claim.

Eligibility

Eligibility is limited to employees who are represented by State Bargaining Units 5, 13, or 16. Part time employees, permanent intermittent employees, and employees whose appointments are either limited term or temporary are eligible to participate in the Annual Leave Program if their current appointments are in one of the covered bargaining units. Employees on T&D assignments are eligible to participate in Annual Leave only if their permanent appointments are in one of the covered bargaining units. Statutory exempt employees who do not accrue sick leave and vacation are not eligible to participate.

Irrevocability

An election to participate in the Annual Leave Program is IRREVOCABLE. As long as an employee is employed in State service in any position in which leave credits are provided, the election to participate in the Annual Leave Program will remain in effect.

Enrollment

This open enrollment period for Annual Leave is December 1-31, 1991, and the enrollment will be effective on January 1, 1992. Eligible employees may voluntarily choose to participate in the Annual Leave Program by completing an election form. All completed forms must be returned to your department Personnel Office by December 31, 1991.

Employees who are appointed during the year to positions meeting the eligibility criteria are required to be enrolled in the Annual Leave Program.

Enrollment Considerations

Participation in either the Annual Leave Program or the current leave system is a voluntary and personal choice of each employee. An employee should carefully evaluate the leave programs to determine which is more beneficial to the employee's personal needs. Among the key considerations are:

- The Annual Leave Program provides employees with more discretionary time off. Since the majority of eligible employees utilize less than six days of sick leave per year, this program can provide these employees with extra leave days to take as time off and to accumulate up to the maximum 640 hour cap (rather than the current 400) to sell at separation or retirement.
- Employees will accumulate six fewer days of sick leave per year. This time will not be available for use for self or family sick leave usage nor to be used as a retirement supplement.
- Current NDI benefits are prescribed by law to provide 50% of pay up to \$125 per week have been available to the employee after exhaustion of sick leave. For many employees, \$125 per week does not represent a significant income replacement benefit.

Consequently, many employees have traditionally relied solely on their leave balances (sick/vacation) to sustain an adequate income during a disabling illness or injury. Employees who elect annual leave are eligible to receive a 50% of pay NDI benefit with supplementation of annual leave, sick leave or partial employment to provide up to 100% of pay. Therefore, the need to maintain a large sick leave balance in order to sustain an adequate income in case of illness or injury is greatly lessened.

For example, if an employee had never used any sick leave since entering State service, it would take at least 10.5 years to accumulate a sick leave bank of 1,000 hours. A major illness or disability of six months duration would exhaust a sick leave bank of that size. Once a sick leave bank is exhausted, it would be quite a while before sufficient sick leave credits could again be established to cover another major illness. On the other hand, NDI leave and its benefits are available for each major illness. Therefore, NDI in its enhanced form under the Annual Leave Program is a better type of short-term disability insurance benefit than reliance on sick leave accumulation.

- Any currently accrued sick leave can be kept and used under current sick leave provisions to supplement NDI and as a retirement supplement.

ANNUAL LEAVE ELECTION FORM
FOR EMPLOYEES IN BARGAINING UNITS 5, 13 AND 16

Employee Name _____ Unit # _____
Social Security Number _____
Department/Location _____
Phone Number _____ CBID _____

I elect to participate in the Annual Leave Program effective
January 1, 1992.

I understand that under the Annual Leave Program I will no longer
accrue sick leave or vacation credits. Instead, my current
vacation credit, plus 4 hours/month will be accrued as annual
leave. My sick leave bank will continue to be available for sick
leave purposes and conversion to service credit at retirement. I
will be eligible to receive 50% NDI benefits (with the ability to
supplement with leave credits or partial employment up to 100%
salary). I understand that an election to the Annual Leave
Program is IRREVOCABLE and that I waive any right to change this
election.

I make this election freely and voluntarily.

Signature _____
Date _____

NOTE: If this election is not returned to the Personnel Office by
December 31, 1991 it will be deemed an election to stay in the current
sick leave/vacation leave accrual system.