

**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 2015-16	REFERENCE NUMBER: 2016–009
DATE ISSUED: April 18, 2016	SUPERSEDES: 2015-011

This memorandum should be forwarded to:

**Personnel Officers
Employee Relations Officers**

FROM: California Department of Human Resources
Personnel Management Division

CONTACT: Personnel Services Branch
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Email: psb@calhr.ca.gov

The following Memorandums of Understanding (MOUs) allow for annual cash out of accumulated vacation/annual leave for the 2015-16 fiscal year:

Bargaining Unit	Bargaining Unit Name	Number of Hours
2	California Attorneys, Administrative Law Judges and Hearing Officers in State Employment (CASE)	20
7	California Statewide Law Enforcement Association (CSLEA)	20
9	Professional Engineers in California Government (PECG)	80
10	California Association of Professional Scientists (CAPS)	80
12	International Union of Operating Engineers (IUOE)	20
13	International Union of Operating Engineers (IUOE)	20

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, all leave hours cashed out by employees must issue from departmental appropriations. 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 available using the above link. This form must be completed and returned to the California Department of Human Resources (CalHR), Personnel Services Branch by April 30, 2016. Forms may be scanned and emailed to psb@calhr.ca.gov. Departments must complete and return the form even if they do not have employees in the impacted bargaining units (BUs).

Departments must notify their bargaining unit 2, 7, 9, 10, 12 and 13 employees in the month of April to advise whether the department has funds available and is able to participate.

Participating departments shall also advise employees of the number of hours that may be cashed out, not to exceed the allowable amount specified above. Documentation of the employee notification and the method used to provide such notification shall be maintained by each department.

To participate, employees must have an appointment in one of the above bargaining units and work in a department with available funds. Eligible employees must submit an [Employee Leave Cash Out Request Form](#) during the month of May to an individual designated by the department. The employee must be in an applicable BU at the time payment is issued in order to be eligible for the cash out, and participation is limited to one time per fiscal year.

Departments will transact payment information on a flow basis and deduct the corresponding number of vacation/annual leave hours from the employee's available leave balances. All payments under this cash out program must be issued during the month of June, but no later than June 30, 2016. Payments under this cash out program are subject to garnishments, if applicable. Further instruction on how to process payments will be issued by the State Controller's Office in the near future.

For tax purposes, payments will be ordinary income in the month that payment is made. Tax withholding rates for this cash out will be:

Tax Type	Percent
Federal	25.0%
State	6.6%
FICA (if applicable)	6.2%
Medicare (if applicable)	1.45%
Additional Medicare for compensation in excess of \$200,000 in the calendar year	0.9%

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/Bryan Baldwin

Bryan Baldwin, Chief
Personnel Management Division