

State of California

MEMORANDUM

TO: PERSONNEL MANAGEMENT LIAISONS DATE: April 10, 1995
REFERENCE CODE: 95-018

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Personnel Officers

FROM: Department of Personnel Administration
Classification and Compensation Division

SUBJECT: Annual Leave Special Election Open Enrollment - Bargaining Unit 10

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To implement an order resulting from a grievance arbitration decision, the Department of Personnel Administration announces a special election enrollment period for the Annual Leave Program (ALP). The enrollment period is scheduled from April 15 through May 15, 1995, and is offered solely to current Bargaining Unit (BU) 10 employees who:

1. Were appointed to a class in Unit 10 as a result of transfer, promotion, demotion, or reinstatement on or after July 1, 1992; and
2. Were mandatorily placed in the ALP.

During this special election period, eligible employees are entitled to make an election between the ALP and the vacation/sick leave accrual program. Employees who do not select the ALP shall be returned to the vacation/sick leave program effective the date of their appointment in BU 10. The election of the ALP is irrevocable.

An eligible employee who chooses to return to the vacation/sick leave program, and who received, at any time following his/her appointment to BU 10, enhanced Nonindustrial Disability Insurance (NDI) benefits will be charged with an overpayment. This means the employee must repay the difference between the benefit level he/she would have received under the regular NDI and the amount actually received under the enhanced NDI program. Benefit amounts for the NDI programs are based upon Sections 3.9 and 3.12 of the BU 10 Memoranda of Understanding. Overpayments will be governed by Government Code 19838.

Current employees who elect to remain in the ALP must complete the attached election form. If the election form is not returned to the personnel office by May 15, 1995, it will be deemed an election to stay in the current sick leave/vacation leave accrual system; effective the date of transfer into BU 10.

Excluded employees and employees in State BUs 10, 12, and 16 have a continuous enrollment process and may enroll in annual leave at anytime.

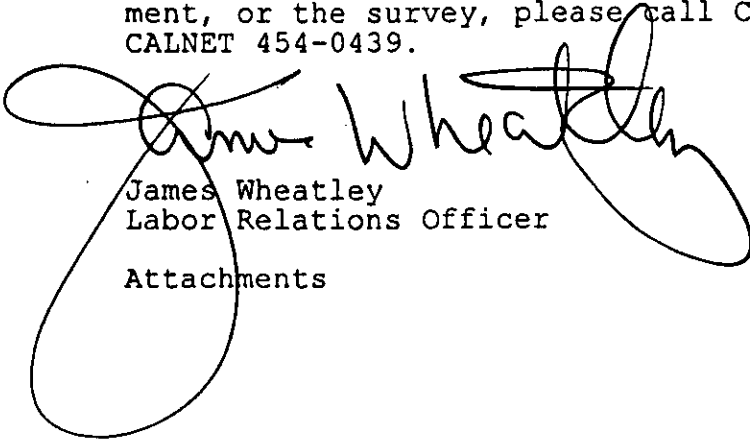
Open enrollment for employees in BUs 5 and 13 is during the month of December.

We have attached the following materials to facilitate the open enrollment process for those departments with eligible BU 10 employees:

- A listing of all eligible employees in your department;
- A detailed description of the ALP and its enhanced NDI benefits;
- An updated election form; and
- A summary sheet on which enrollment results must be reported.

As a result of the arbitration decision, any employee appointed to a class in BU 10 as a result of transfer, promotion, demotion, or reinstatement must be given the opportunity to choose between the vacation/sick leave program and the ALP. Only new hires are mandatorily placed in the ALP.

If you have any questions regarding annual leave, the open enrollment, or the survey, please call Clarice Baker at (916) 324-0439 or CALNET 454-0439.



James Wheatley
Labor Relations Officer

Attachments

THIS SUMMARY OF THE ANNUAL LEAVE PROGRAM
APPLIES ONLY TO STATE EMPLOYEES REPRESENTED
BY BARGAINING UNIT 10

OPEN ENROLLMENT

This annual opportunity to enroll into the Annual Leave Program (ALP) is being offered solely to employees represented by State Bargaining Unit (BU) 10 as required by their contract with the State. The ALP 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 benefit to 50 percent income replacement. The specific provisions include:

Leaves

Under the ALP, 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, as compared to vacation, 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 in 30-minute increments 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 ALP. However, sick leave balances in existence at the time of enrollment will be maintained for use by the employee for approved sick leave purposes. Any sick leave credits on the books at the time of retirement will 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 percent 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 percent of gross salary for 26 weeks. NDI payments may also be supplemented with annual leave, sick leave and partial employment to provide for up to 100 percent income replacement. At the time of an NDI claim, the employee may elect either the 50 percent NDI benefit rate or a supplementation level of 75 percent or 100 percent 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.

DPA Rule 599.776 provides that Unit 10 employees who elect annual leave during this open enrollment shall be immediately eligible for this enhanced NDI benefit on the effective date of the election. Employees in State BU 10 who elect to enroll after May 15, 1995 will be required to have been in the Program for 90 days before an NDI claim under the enhanced level is payable; such employees would receive the standard NDI benefit if a claim is filed before completion of the 90-day waiting period. The 90-day waiting period does not apply to employees who are enrolled upon appointment.

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 for Annual Leave

Eligibility is limited to employees who are represented by State BU 10. Part-time employees, permanent intermittent employees, and employees whose appointments are either limited term or temporary are eligible to participate in the ALP if their current appointments are in one of the covered BUs. Employees on training and development assignments are eligible to participate in annual leave only if their permanent appointment is in BU 10.

Irrevocability

An election to participate in the ALP or an enrollment upon appointment 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 ALP will remain in effect.

Enrollment

Enrollment in this Program shall be voluntary for all current employees who are represented by Unit 10 on the date annual leave was adopted, and who have not yet been enrolled by election.

This open enrollment period for Unit 10 employees for election of annual leave is April 15 through May 15, 1995, and enrollment will be effective on the first of the month following the election date. Eligible employees who voluntarily choose to participate in the ALP must complete an election form. All completed forms must be returned to your department personnel office by May 15, 1995 for a June 1, 1995 effective date.

Employees who are represented by Unit 10 and who have not yet elected to enroll in the ALP may elect to enroll at any time, including this enrollment period, subject to the NDI 90-day qualification period.

Employees who are appointed during the year to positions meeting the eligibility criteria are required to be enrolled in the ALP, unless movement into the BU was the result of a transfer.

ENROLLMENT CONSIDERATIONS

Participation in either the ALP 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 his or her personal needs. Among the key considerations are:

- The ALP 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 percent of pay up to a maximum of \$135 per week. For many employees, \$135 per week does not represent a significant income replacement benefit.

Consequently, many employees rely 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 percent of pay NDI benefit with supplementation of annual leave, sick leave or partial employment to provide up to 100 percent 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 ALP 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.

1995 OPEN ENROLLMENT
ANNUAL LEAVE ELECTION FORM FOR CURRENT
EMPLOYEES IN BARGAINING UNIT 10

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

I elect to participate in the Annual Leave Program effective the first of the month following the date this election is received by my personnel office.

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 percent NDI benefits (with the ability to supplement with leave credits or partial employment up to 100 percent 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 May 15, 1995, it will be deemed an election to stay in the current sick leave/vacation leave accrual system.

FOR PERSONNEL OFFICE USE ONLY
After processing election, place in employee's personnel file.

Date Election Received

Received By:

