

State of California

M E M O R A N D U M

TO: PERSONNEL MANAGEMENT LIAISONS **DATE:** August 13, 2004
REFERENCE CODE: 2004-038

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Personnel Management Liaison
Personnel Officers
Personnel Transactions Supervisors
Labor Relations Officers

FROM: Department of Personnel Administration
Policy and Operations Division

SUBJECT: The Use of Leave Credits to Satisfy Overpayments and Payroll Errors
for Employees in Bargaining Units 1, 4, 5, 6, 11, 15, and 19

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Pursuant to collective bargaining unit (BU) agreements with State employee unions, employees in BUs 1, 4, 5, 6, 11, 15, and 19 are eligible to satisfy overpayments and payroll errors with leave credits.

The following information is provided to clarify the provisions of the program:

- Accounts receivables (A/R) established on or after the effective date of the BU agreement can be offset by using leave credits. Leave credits may also be used to satisfy an overpayment for any pay period as long as the A/R is established within the contract period.

Example: If the effective date of the BU contract provision is July 1, 2001, and the appointing power discovers an overpayment for the May 2001 pay period on September 15, 2001, leave credits may be used to offset the A/R.

- Affected employees may use leave credits they have available on the date the A/R is established.

Example: An employee was overpaid on his May 2004 pay check. As of the check's issue date, the employee's available leave balance was five hours. Now, in September 2004, the employee's personnel office discovers the error and establishes an A/R. By September 2004, the employee has accrued 45 hours of available leave credit, and he may use all 45 hours to satisfy the overpayment.

- Leave credits used to satisfy an overpayment are calculated on the employee's salary rate as of the date the A/R is established.

Example: For the pay period the salary error occurred the employee was paid \$4000 a month; on the date the A/R is established the employee's salary rate had increased to \$4500 a month. The \$4500 would be used to calculate the number of leave credits needed to satisfy the A/R.

- The employee's total salary rate is used when requesting a leave credit cash-out payment to satisfy the overpayment. This includes plus salaries such as locked-in pay differentials (e.g., bilingual pay, physical fitness pay, and shift pay). However, the Personal Leave pay differential is excluded and shall not be included in the employee's salary calculation.
- If an employee uses leave credits to offset an overpayment and later the appointing power subsequently reverses the A/R because of a settlement agreement (or a correction is made to the employment history), the employee will be given an option:
 1. As to whether he or she will keep the leave credit cash-out payment; or
 2. Return the payment and have the leave credits restored to the employee's leave record.

PML 2004-038
August 13, 2004
Page 3

Listed below are leave credit types authorized for use to offset an A/R:

- Annual Leave
- Compensating Time-Off Credit
- Excess Hours
- Holiday Credit
- Medical Officer of the Day
- On-Call Assignment
- Personal Holiday
- Personal Leave
- Professional Leave
- Voluntary Time (V-Time)
- Vacation Credit

A State Controller's Office Payroll Letter will be issued providing instructions for establishing and satisfying the A/R with leave credits. All payroll processing questions should be addressed to Sandra Young at (916) 324-1293. For policy interpretation questions related to this program, please have your designated personnel office staff contact the Department of Personnel Administration's Personnel Services Branch at (916) 323-3343.

Jerri Judd, Manager
Personnel Services Branch