

MEMORANDUM

To: PERSONNEL MANAGEMENT LIAISONS

Date: March 30, 1992
Reference Code: 92-43

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Labor Relations Officers
Personnel Officers

From: Department of Personnel Administration
Office of the Director

Subject: Voluntary, Unpaid Leave

Past efforts to achieve needed savings in State personnel costs have included an invitation to employees to voluntarily reduce their time base under the Reduced Worktime Act. Only 102 employees have responded to this invitation. As a further effort to achieve cost savings through voluntary means, the Governor has issued Executive Order W-25-92 (attached) directing that employees in all Executive branch departments be offered the opportunity to take informal, unpaid leaves. As outlined below, these leaves will not reduce seniority and other benefits and can be as short as one day in duration.

The Governor's order directs all Executive Branch departments to offer voluntary, unpaid time off to their employees to the fullest extent that this:

1. Will help achieve needed budget savings; and
2. Can be granted without jeopardizing health, safety, or the department's ability to accomplish its mission.

State agencies not reporting to the Governor are also encouraged to participate.

A sample director-to-employee memorandum and a sample enrollment form are attached to help with the implementation of this program. Where this program is inconsistent with existing departmental policies or practices, each department should take the necessary steps to make exceptions or make enabling changes to the departmental policies so that this voluntary, unpaid leave can be offered immediately to all employees.

With the appointing power's approval, an employee may elect to take one, two, or more voluntary unpaid workdays per month, even if the employee has unused vacation or other paid leave credits. To participate, the employee should request his/her desired number of days in advance and, in all cases, by the tenth of the month in which they are taken. Single requests should be used to cover several months in advance, where possible, to reduce paperwork processing. The same or a different number of days may

be requested each month. Since the program is voluntary, the employee may terminate or temporarily suspend his/her participation by simply not requesting to take the days off.

Voluntary unpaid leave days should be processed for payroll purposes as informal leaves of absence (dock) [Department of Personnel Administration (DPA) Rule 599.785].

As with other discretionary absence requests, the appointing power retains discretion in deciding whether to grant an employee's request. Appointing powers would not be expected to grant these requests if they increased costs such as by triggering a need for overtime, or in cases where workload considerations make them unfeasible.

As long as the employee continues to have qualifying pay periods (by not exceeding the 10- and 11-day limits on total unpaid days per pay period or between pay periods), taking leave without pay will not affect any of the following:

- . Seniority credit accumulation
- . Leave and holiday credit accumulation
- . Merit salary adjustments
- . Salary and service credit for retirement (unless the employee's total worktime falls below five-sixths of full time)

Also, since the employee's monthly salary rate will stay the same, there would be no effect on lump sum payments for vacation or on death and disability benefits.

The only pay-related effect of taking an unpaid time off day will be a proportionate reduction in the employee's pay for that month. For example:

- . An employee whose full-time salary is \$2,310 per month takes one day off.
 - If there are 22 work days in the pay period, the employee's gross pay will be reduced by \$105 per month ($\$2,310 \div 22$).
 - If there are 21 work days in the pay period, the employee's gross pay will be reduced by \$110 per month ($\$2,310 \div 21$).

The net impact on the employee's take-home pay will usually be significantly less than the gross reduction, because withholding for taxes, Social Security, and retirement will also be reduced. Therefore, the \$105 - \$110 reductions shown in the example above might often translate into only a \$70 - \$75 reduction in take-home pay.

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As noted above, unpaid leave time must have the approval of the employee's appointing power. As with other requests for leave, denials are subject to the department's complaint procedure.

To help assess the effectiveness of this program, departments are asked to maintain records of the number of requests received, the number of leave days granted, and the amount of resulting cost savings. These figures for the April and May pay periods should be sent to DPA no later than May 29, 1992.

This program will remain in effect until further notice. Questions may be referred to Clarice Baker on (916) 327-8490 or ATSS 467-8490.



David J. Tirapelle
Director

Attachment



EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA



EXECUTIVE ORDER W-25-92

WHEREAS, state revenues continue to lag ongoing state expenditures, requiring reductions in expenditure levels; and

WHEREAS, state employee compensation constitutes a substantial general fund expenditure; and

WHEREAS, voluntary reduced worktime, while not generating sufficient savings to negate the need for a 5% reduction in the salary of state employees, can contribute to reducing expenditures and can partially mitigate the potential of reductions in the state employee workforce;

NOW, THEREFORE, I, PETE WILSON, Governor of the State of California, by virtue of the power and the authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:

1. All agencies, departments, boards, and commissions shall encourage and offer voluntary, unpaid time off to their employees and shall take the initiative in making any work schedule or other accommodations needed to make unpaid leaves possible to the full extent that this:
 - a. Will help achieve needed budget savings; and
 - b. Can be done without jeopardizing health, safety, or the ability to accomplish the mission of all agencies, departments, boards, and commissions.
2. The Department of Personnel Administration shall be responsible for providing technical assistance to all agencies, departments, boards, and commissions so that they may maximize their utilization of voluntary, unpaid time off.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 27th day of March 1992.

Pete Wilson

Governor of California

ATTEST:

Marsh Jung Eu

Secretary of State





M E M O R A N D U M

To: ALL EMPLOYEES

Date: March 30, 1992

From: Department Director

Subject: Voluntary, Unpaid Leave

In the past, various voluntary worktime reduction programs have been offered to State employees. Most of these involved permanent time base reductions (e.g., full time to four-fifths time) with a corresponding reduction in salary, seniority, and some benefits.

In response to the State's continuing fiscal problems, the Governor has now directed that a voluntary, unpaid leave program be offered under the Department of Personnel Administration (DPA) rule on informal leaves. For most employees, this program offers the following key advantages:

- . The only impact of taking an unpaid leave day will be loss of that day's salary; and, the actual impact on take-home pay will usually be cushioned by corresponding reductions in the amounts withheld for taxes, retirement, etc.
- . Health, dental, vision, and similar benefits will continue with the same State contribution.
- . The rate at which you accumulate seniority credit (for layoff) will not be reduced.
- . You will continue to receive vacation, holiday, and other leave credits at the same rate.
- . Unless your work time falls below five-sixths time, there will be no impact on your retirement benefits.
- . The value of "salary-driven" benefits, such as the cash-out value of lump sum vacation and the level of death and disability benefits, will not change.

(NOTE: If more than half of your work days in any pay period are unpaid days, you will lose some benefits and credits. Therefore, if you will be close to having this number of unpaid days, you should consult with the personnel office before participating.)

OTHER ADVANTAGES

Since this program does not involve a permanent time base reduction, a variety of participation options are available:

- . You can sign up for as little as one work day per month.
- . You can vary your number of unpaid leave days from month to month.
- . You can elect not to participate in certain months, or stop altogether anytime you want.

If this sounds interesting, read on to learn about the program's eligibility criteria and sign-up procedures.

ELIGIBILITY

All participation requests require the approval of this department. However, the approval criteria are simple:

1. Your unpaid leave must generate a net cost savings for the department. This will occur if your being absent does not require us to increase someone else's hours.
2. Your absence from your unit must not cause health or safety problems, interruptions in service to our clients, or similar operational problems.

While we may not be able to grant all requests, the management of this department will work cooperatively with you to help make the program work for all of us.

SIGNING UP

You must sign up in advance for this program and, to avoid problems in processing your paycheck, your sign-up date should also be prior to the tenth of the month in which the unpaid leave will be taken. The attached form should be used for this purpose. Additional copies are available from the personnel office.

I hope that many of you will be able to take advantage of this program. If you have questions, please contact _____.

PART THREE: BENEFIT/CREDIT IMPACT

The unpaid leave approved in Part Two will have no impact on the employee's benefits, retirement, leave credits, or seniority.

There will be an impact, as described below:

Personnel Office

Date

PART FOUR: EMPLOYEE CONFIRMATION

I accept the unpaid leave days approved in Part Two, and I have read and understand the benefit/leave impact of this action, as described in Part Three.

Employee Signature

Date