

**California Department of Human Resources  
Memorandum**

**TO: Personnel Management Liaisons (PML)**

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| <b>SUBJECT:</b><br>2016 Excluded Employee Leave Buy-Back Program | <b>REFERENCE NUMBER:</b><br>2016-011 |
| <b>DATE ISSUED:</b><br>April 20, 2016                            | <b>SUPERSEDES:</b><br>2015-012       |

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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The California Department of Human Resources (CalHR) and the Department of Finance have authorized an Excluded Employee Leave Buy-Back Program for fiscal year 2015-16.

Leave buy-back means that eligible employees in participating departments may receive payment at their regular salary rate in exchange for up to 80 unused leave credits. For the purpose of the buy-back program, eligible leave may be a combination of vacation leave, annual leave, personal leave (personal leave 1992, 2003, 2010/11/12 and voluntary personal leave), personal holiday, or holiday credit.

Employees designated Exempt, Managerial, Supervisory, Confidential, or otherwise excluded from collective bargaining in one of the following identifier codes are eligible to participate in this program:

- Exempt or Managerial – Exempt/M/E59/E79/E99
- Supervisory – S/E48/E58/E68/E78/E98
- Confidential and otherwise excluded from bargaining – C/E67/E77/E97

Each department's participation is subject to the availability of departmental funds. Thus, payment for all leave hours must be made using existing departmental appropriations. The [Department Certification of Funding and Participation Form](#) for the excluded leave buy-back program is available using the above link. This form must be completed and returned to CalHR's Personnel Services Branch prior to implementation, but no later than June 15, 2016. Forms may be scanned and emailed to [psb@calhr.ca.gov](mailto:psb@calhr.ca.gov). Departments must complete and return the form whether they participate in the program or not.

Departments must notify their excluded employees to advise whether the department has funds available and is able to participate. Participating departments shall also indicate the number of hours that may be bought back, not to exceed the 80 hour maximum. Documentation of the employee notification shall be maintained by each department.

Excluded employees who wish to participate in the leave buy-back program must submit an [Excluded Employee Leave Buy-Back Request Form](#) to an individual designated by the department. Participation in the program is limited to once per fiscal year.

Departments may begin transacting payment information and deducting the corresponding hours from the excluded employees' available leave balances as early as May 1, 2016, but all payments must be issued by June 30, 2016. Payments under this 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 buy-back will be:

| <b>Tax Type</b>  | <b>Percent</b> |
|--|----------------|
| 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 | 0.09%          |

Departments are encouraged, to the extent operationally feasible, to allow employees to use their leave credits as they accrue rather than letting the leave balances accumulate as a future fiscal liability.

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](mailto:psb@calhr.ca.gov) or calling (916) 323-3343.

/s/Bryan Baldwin

Bryan Baldwin, Chief  
Personnel Management Division