

HUMAN RESOURCES MEMORANDUM 24-012		DATE ISSUED: 10/31/2024
SUBJECT: LEAVE MANAGEMENT AND ANNUAL LEAVE REDUCTION PLANS		REFERENCE: CalHR Manual 2124
TO: All Department of General Services Employees		SUPERCEDES: HR Memo 23-003A

Purpose

To provide all Department of General Services (DGS) employees with information related to employee leave guidelines. DGS must ensure compliance with regulations, statutes, policies, and Bargaining Unit (BU) Memoranda of Understanding (MOU) related to employee leave.

Budgetary and Operational Impacts

Excess leave accumulation results in a budgetary liability when employees separate from state service. Departments are required to cash out accrued leave credits at the employee's current salary rate, which is typically a higher rate than when leave credits were earned. These lump sum payouts are an unfunded liability that must be paid using funds from the current fiscal year, which negatively impacts division or program budgets. This may result in departments keeping vital positions vacant, redirecting from other funding sources, and/or requesting additional funds in order to stay within their budget.

Employee Leave Management Plan

CalHR has developed the [Leave Balance Calculator and Plan Generator](#) and the [Leave Reduction Plan \(Form CalHR 138\)](#) to assist employees and managers with managing employee leave balances.

As outlined in the [California Department of Human Resources \(CalHR\) Manual Section 2124](#), all departments are required to have Employee Leave Management Plans in place. Employees that accumulate vacation or annual leave that can exceed the maximum amount of leave permitted are outlined in the applicable MOUs.

DGS should adhere to the following leave reduction strategies to reduce employee leave balances:

- Prepare a written leave plan for every employee exceeding their leave cap ([Cal. Code Regs., title 2, section 599.742.1](#) and applicable MOU sections).
- Require employees to use PLP 2010, PLP 2012, PLP 2020 (where applicable), and furlough hours before vacation or annual leave (Policy Statement 2113).
- Pay overtime in cash and avoid Compensating Time Off (CTO) when operationally and fiscally feasible.
- Cash out CTO for employees transferring to a new appointing authority (another agency) ([Cal. Code Regs., title 2, section 599.707](#)).
- Use CalHR leave plan templates to manage employee leave balances.

OHR will provide a report of employees that are currently exceeding or will exceed their rollover cap as of October 1, 2024. In addition, OHR will provide a projection of these employees (using their current leave accruals) through December 2025. This report will be forwarded to the corresponding Deputy Director and Office Chief, who will distribute it to the prospective managers and supervisors.

It is the policy of the state to foster and maintain a workforce that has the capacity to effectively produce quality services expected by both internal customers and the citizens of California. Therefore, appointing authorities and state managers and supervisors must ensure employees that have leave balances exceeding or are expected to exceed the maximum allowable leave caps have a leave reduction plan in place and are actively reducing hours. Submitted and approved CalHR 138 forms may be audited to ensure plans are adhered to.

Responsibilities – ACTION REQUIRED

Employees:

Any employee who is exceeding (or in the calendar year will exceed) their leave cap must complete a Form CalHR 138 and submit to their manager/supervisor. Employees are expected to adhere to their leave reduction plan.

Appointing Authority, Managers, Supervisors:

Ensure employees who have leave balances exceeding their leave cap (or in the calendar year will exceed their leave cap) have a leave reduction plan in place and are actively reducing their hours.

Review and approve Form CalHR 138. A completed copy must be kept in the employee's supervisory file.

Submit Form CalHR 138 to the Employee Resource Liaison (ERL) for further processing.

Approve employee vacation or annual leave to mitigate excessive leave when operationally feasible.

Monitor leave balances of employees and adherence to employees approved leave plans.

Employee Resource Liaison:

Submit all forms for their program in one email to the Office of Human Resources (OHR) Business Solutions Unit at ohrbsu@dgs.ca.gov no later than **Dec. 30, 2024**.

Office of Human Resources:

Ensure each required employee has a plan on file for reporting to CalHR.

Vacation/Annual Leave Caps

Bargaining Unit (BU)	2025 Cap
BU 1, 2, 4,11, 12, 13, 14, 15, 19, 21	640
BU 9	832
BU 10	832

Bargaining Units 1, 2, 11,12, 13, 14, 15, 19, 21, Exempt and Excluded Employees

Vacation and Annual Leave have a rollover cap/accumulation limit of 640 hours.

A department head or designee (e.g., Deputy Director) may permit an employee to carry over more than 640 hours of accrued Vacation/Annual Leave if the employee was unable to reduce their accrued hours as outlined in the various MOUs for represented employees or the California Code of Regulations for employees excluded from bargaining.

Bargaining Unit 9 and Related Excluded Employees

Vacation and Annual Leave have a rollover cap/accumulation limit of 640 hours.

In compliance with MOU sections 5.4.D and 5.12.G, the rollover/cap accumulation limit shall be increased by 192 hours and will remain in effect until June 30, 2025. A department head or designee may permit an employee to carry over more than the 832 hours of accrued Vacation/Annual Leave if the

employee was unable to reduce their accrued hours as outlined in the MOU. Effective July 1, 2025, the rollover cap/limit will revert to 640 hours.

Bargaining Unit 10 and Related Excluded Employees

Vacation and Annual Leave have a rollover cap/accumulation limit of 640 hours.

In compliance with the Side Letter Agreement dated June 25, 2020, the rollover/cap accumulation limit shall be increased by 192 hours and will remain in effect until June 30, 2025. A department head or designee may permit an employee to carry over more than the 832 hours of accrued Vacation/Annual Leave if the employee was unable to reduce their accrued hours as outlined in the MOU. Effective July 1, 2025, the rollover cap/limit will revert to 640 hours.

Resources

Authorities

- [Bargaining Contracts - MOUs](#)
- [California Code of Regulations, Title 2, Section 599.742.1](#)
- [California Code of Regulations, Title 2, Section 599.707](#)

Related CalHR Manual Sections

- [2101](#): Leave Accounting
- [2104](#): Leave Buy-Back
- [2113](#): Personal Leave Program (PLP)
- [2124](#): Employee Leave Management

Web Pages

- [Leave Reduction Plan Resources](#)

Questions

Questions not addressed in this memorandum should be directed to managers or supervisors and/or employee representatives as appropriate.

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Office of Human Resources