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COUNTY OF LOS ANGELES

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April 15, 2010

To: Supervisor Gloria Molina, Chair
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From: William T Fujioka
Chief Executive Officer

LIMITS ON THE ACCUMULATION OF PAID LEAVE BENEFITS AND RELATED PAYOUTS TO EMPLOYEES TERMINATING COUNTY SERVICE

At the Board of Supervisor's meeting on March 2, 2010, the Chief Executive Office was requested to report back on the paid leave benefits County employees may accrue over their working careers, and the limits that apply to the payment for unused benefits when an employee terminates service. The attached information is in response to this request.

Attachment I summarizes the paid leave benefits County employees may earn and accumulate over time. It also describes the limits that apply to these accruals in terms of days/hours. Attachment II shows the actual dollar payouts for these benefits for employees who terminated in calendar 2009. In that year, there were 3,440 full-time permanent employees who terminated County service. Of these, 2,770 (80%) received termination pay for unused accrued paid leave benefits. The average payout was $14,050.

If you have any questions or need additional information, please have your staff contact Ellen Sandt at (213) 974-1186 or esandt@ceo.lacounty.gov or Wayne Willard at (213) 974-2494.

WTF:EFS
WL:WW:df

Attachments

c: Executive Officer, Board of Supervisors

ATTACHMENT I

LIMITS ON PAID LEAVE BENEFIT ACCRUALS

Eligible County employees may, upon termination of County service, receive a lump sum cash payment for certain unused accumulated paid leave time. This may include full-pay sick leave, vacation time, holiday time, compensatory time off (CTO), and, for MegaFlex participants, non-elective annual leave. The information below summarizes the limits on the amounts of time that may be accrued and paid off at termination.

Full-Pay Sick Leave

Full-pay sick leave benefits may be earned by employees who are compensated on a monthly basis (now semi-monthly under the new eHR payroll system) and by daily employees who work at least half time. Eligible employees accrue up to 12 days of full-pay sick leave per year. There is no limit on the number of unused days that may be accumulated and carried over from one year to the next.

Upon termination from County service, a full-time permanent employee with five or more years of continuous service is entitled to be paid for a) all unused days earned prior to 1971, and b) one-half of all unused days accrued since 1971. However, the total numbers of days paid off at termination may not exceed 90 (720 hours). A proportionately higher cap applies to employees who work a 56 hour per week schedule (e.g., Fire Fighters). Time paid at termination is paid at the employee's rate of pay at that point in time.

Vacation Time

Eligible employees earn from 10 to 20 days (80 to 160 hours) of vacation time per year based on length of service. The maximum 20 day benefit is earned after 14 years of continuous service. The "eligible" group is the same as outlined above for full-pay sick leave.

Employees can accrue up to 480 hours (six weeks) of unused vacation time. After that, any time in excess of the 480 number that has been on the books for one year must be paid off in-service. All unused accumulated time, including the first 480 hours, must be paid off at termination of County service. Depending on an employee's length of service and the timing of his termination in relation to his accrual of vacation time, the maximum payoff at termination could be as high as 640 hours. This would be the 480 hours mentioned above plus an additional 160 hours earned (but not yet paid off) in the employee's last year of service.

As with full-pay sick leave, a proportionately higher number applies to 56 hour personnel, and any payoff at termination is calculated based on the employee's rate of pay at the point of termination.

Accumulated Holiday Time

The County provides eleven paid holidays per year. All employees who are paid by the month (now semi-monthly) are entitled to the paid holidays recognized by the County. Most employees receive this benefit in the form of a paid day off on the day the holiday occurs. However, for certain "shift employees," the employee's work schedule is determined independent of holidays (e.g., Deputy Sheriffs, Nurses, etc.). In these situations, a holiday may fall on an employees' regularly scheduled work day or on the individual's regularly scheduled day off. In either case, the employee receives a day of accumulated holiday time to be taken off at a future date. This time, if not taken, is banked and may be carried over from one year to the next much like full-pay sick and vacation time.

Except in the case of certain Fire Fighter and Lifeguard personnel, there is no limit on the accrual of accumulated holiday time and no limit on the amount that may be paid off at termination. All such time must be paid off at termination. As with full-pay sick leave and vacation time, the payoff at termination is calculated based on an employee's rate of pay at that point in time.

Special rules apply to Fire Fighters and Fire Department Lifeguard personnel. These rules effectively limit accumulated holiday time to the equivalent of two years worth of holiday benefits. When this limit is exceeded, the eligible employees must be paid off in-service for the excess time. All time below this cap must be paid off at termination.

Non-Elective Annual Leave

Employees covered by the cafeteria benefit plan known as "MegaFlex" receive non-elective annual leave in lieu of vacation and sick leave benefits. These employees earn a maximum of 10 days (80 hours) per year of non-elective annual leave. Unused non-elective annual leave accumulates to a maximum of 60 days (480 hours). Any excess time must be paid off in-service.

All accumulated non-elective annual leave must be paid off at termination at the employee's rate of pay at that time. The amount of payoff is limited by the aforementioned accrual limit. It cannot be more than 60 days plus whatever portion of 10 days that may have been earned in an employee's last year of service, but not yet paid off. The total potential payoff is effectively capped at 70 days (560 hours).

Compensatory Time Off (CTO)

Overtime work is compensated with either cash payment or CTO. For employees covered by the Fair Labor Standards Act (FLSA), cash payment at time and one-half is required for overtime worked in excess of 40 hours per week unless the applicable memorandum of understanding (MOU) specifically provides for CTO. Where that is the case, the CTO must also be applied at the rate of time and one-half as well, and may be accumulated within the limits established in the various MOUs and the FLSA. The employees covered by the FLSA include all represented employees and those non-represented employees that are otherwise "non-exempt" under the criteria set out in the FLSA.

Under the FLSA, the maximum accumulation limit is 480 hours for safety employees and 240 hours for all others. These limits are absolute under federal law. All employees covered by the FLSA must be paid for all CTO on the books at the time of termination at the rate of pay in effect at that time.

Employees covered by the FLSA may, under certain circumstances, receive straight-time pay or straight-time CTO for overtime work that does not meet the FLSA definition of overtime. This can happen where an employee works extra hours outside of his regular work schedule in a week where he is also off work for part of the week (e.g., on vacation). In this instance, the employee may not have actually worked more than 40 hours, and, where that is the case, the time is not subject to the FLSA time and one-half mandate. CTO received for this type of "non-FLSA overtime" may be accumulated at the straight-time rate, and up to 144 hours of such time may be carried over from one year to the next. Accumulated non-FLSA CTO is paid off at termination at the rate of pay in effect at that time.

Non-represented employees who are "salaried exempt" under the FLSA may receive straight-time CTO for non-emergency overtime work in accordance with Chapter 6.09 of the County Code. Chapter 6.09 authorizes the Chief Executive Office to set rules on the maximum amount of CTO that may be received by salaried exempt employees. In most cases, that limit is currently 240 hours. Chapter 6.09 also permits the Chief Executive Office to authorize paid overtime at the straight-time rate in cases of major emergencies (e.g., civil disturbance, fire, flood, etc). That would, of course, be a rare circumstance.

All unused CTO earned by salaried exempt employees is forfeited at the point of termination. None of it can be paid in cash either in-service or at termination.

Other rules apply to physicians and attorneys who are neither salaried exempt nor covered by the FLSA. These employees may also receive straight-time CTO. Any CTO earned by these employees is also forfeited at termination.

Maximum Paid Leave Payout at Termination

The maximum paid leave payout at termination for sick leave and vacation hours are 720 and 640, respectively. Except for certain Fire Fighter and Fire Department Lifeguard personnel, there is no limit on the amount of holiday time that employees can accumulate and be paid off at termination. However, employees can only earn holiday time if a holiday falls on their regularly scheduled day off or if they are scheduled to work on a holiday.

MegaFlex employees can accumulate 560 hours of non-elective leave at termination. The limits for CTO ranges from 144 to 480 hours for represented employees, while non-represented employees cannot be paid for any CTO time at termination.

Below is a chart summarizing the maximum hours that can be paid out at termination.

MAXIMUM HOURS PAYOUT AT TERMINATION

Employee Group	Sick	Vacation	Holiday	Non-Elective Leave	CTO	Total Hours
Represented Employees	720.0	640.0	No-Limit	N/A	144.0	1,504.0
Fire Fighters & Lifeguards [1]	720.0	640.0	176.0	N/A	480.0	2,016.0
Sheriff Deputies	720.0	640.0	No-Limit	N/A	480.0	1,840.0
Non-Represented Employees	720.0	640.0	No-Limit	560.0	N/A	1,920.0

[1] A proportionately higher cap applies to employees who work a 56 hour per week schedule.

ATTACHMENT II

COUNTY OF LOS ANGELES
RANGE OF TERMINATION PAY
FOR THE YEAR ENDED DECEMBER 31, 2009

Department	Dollar Range of Termination Pay							
	$1 to $29,999	$30,000 to $59,999	$60,000 to $89,999	$90,000 to $119,999	$120,000 to $149,999	$150,000 to $179,999	$180,000 to $209,999	$210,000 to $239,999
Affirmative Action	2	0	0	0	0	0	0	0
Agricultural Comm.	3	2	0	0	0	0	0	0
Alternate P.D	8	2	0	0	0	0	0	0
Animal Control	19	0	0	0	0	0	0	0
Assessor	34	1	0	0	0	0	0	0
Auditor-Controller	11	0	0	1	0	0	0	0
Beaches	9	0	0	0	0	0	0	0
Board of Supervisors	14	0	0	0	0	0	0	0
Chief Executive Office	7	2	0	2	0	0	0	0
Child Support Services	41	1	0	0	0	0	0	0
Children & Family Svc.	155	4	0	0	0	0	0	0
Children Support Svcs.	20	0	0	0	0	0	0	0
Community & Seniors	14	2	0	0	0	0	0	0
Consumer Affairs	2	0	0	0	0	0	0	0
Corner	4	0	0	0	0	0	0	0
County Counsel	6	1	1	1	0	0	0	0
District Attorney	38	5	7	0	1	0	0	0
Fire Department	45	56	27	7	0	0	0	0
Health Services	729	42	5	5	0	1	0	0
Human Relations Com.	0	1	0	0	0	0	0	0
Human Resources	5	1	0	1	0	0	0	0
Internal Services	56	15	4	0	0	0	0	0
Mental Health	92	5	0	0	0	0	0	0
Office of Public Safety	18	0	0	0	0	0	0	0
Parks & Recreation	32	1	0	0	0	0	0	0
Probation	123	20	6	0	0	0	0	0
Public Defender	22	6	1	0	0	0	0	0
Public Health	73	7	0	0	0	0	0	0
Public Library	34	3	0	0	0	0	0	0
Public Social Services	342	3	1	0	0	0	0	0
Public Works	85	22	1	2	0	0	0	0
Regional Planning	7	0	0	0	0	0	0	0
Registrar	19	1	0	0	0	0	0	0
Sheriff	282	53	26	18	19	8	0	2
TTC	13	1	1	1	0	0	0	0
Total	2,364	257	80	38	20	9	0	2