



OFFICE OF PLANNING AND BUDGET

Brian P. Kemp
Governor


Kelly Farr
Director

March 16, 2023

MEMORANDUM

TO: Agency Heads and Fiscal Officers

CC: Gerlda Hines, State Accounting Officer, State Accounting Office
Al Howell, Deputy Commissioner, Human Resources Administration
Rebecca Sullivan, Commissioner, Department of Administrative Services

FROM: Kelly Farr 

RE: Annual Leave Conversion Payout

The State Personnel Board (SPB) has approved and Governor Kemp has signed changes to SPB Rule 478-1-.16 regarding Absence from Work to expand the purposes for which an employee's accrued annual leave may be paid out to the employee. Under the revised rule, eligible employees will be able to elect to convert 40 hours of their accrued annual leave once per fiscal year into a cash payout. For Fiscal Year (FY) 2023, the Annual Leave Conversion Payout (ALCP) period will occur in May.

To participate in the ALCP program, employees must be in active pay status with an accrued leave balance of at least 160 hours of annual leave and 80 hours of sick leave prior to electing to convert 40 hours of their annual leave to a cash payout. Additionally, each state agency, in conjunction with the Office of Planning and Budget (OPB), must declare they have sufficient availability of funding for participation in the program prior to employees being able to request the leave conversion.

For state agencies using TeamWorks Human Capital Management (HCM) for employee payroll, both the agency declaration of participation and employee election will be done within TeamWorks. For FY 2023, agencies should note the key program implementation dates below:

- **March 15 – March 30**
 - Agencies utilize Teamworks queries to determine the estimated financial impact of participation by department. The queries will provide agencies with the number of employees eligible to participate and the associated amount required to payout all eligible employees should they elect to receive the funds.
 - ***To ensure the accuracy of the queries and individual employee eligibility, it is imperative that timesheets are up to date in Time and Labor or the agency's time keeping system.***
 - Agency TeamWorks HCM security officers should also submit a security request for the agency's Chief Financial Officer or his/her designee to add the security role "ALCP Admin" to their

permissions. This role will allow the user to declare participation in the ALCP program on behalf of the agency for FY 2023.

- Agencies not on TeamWorks for payroll will need to determine eligible employees and their associated cost utilizing their existing timekeeping and payroll systems.

- **April 1 – 15**
 - Agencies using Teamworks for payroll will make their declaration of participation via TeamWorks. Agencies may choose to include all departments within their business unit in the program or may request to exempt certain departments based on availability of funds.
 - Agencies not on TeamWorks for payroll must submit in writing to OPB their intent to participate in the ALCP program for FY 2023, including the number of employees eligible to participate, estimated financial impact by program and fund source, and whether the agency will exempt any specific program or department within the agency from participating due to availability of funds.

- **April 16 – 21**
 - OPB affirms agencies' budget is sufficient to meet the potential demand for employee participation based on agency participation plan. OPB may request adjustments to the agency's participation plan based on available funding.

- **May 1-15**
 - Employees make an irrevocable election to convert annual leave to a cash payout for FY 2023. Employees paid through TeamWorks may confirm their eligibility and elect to participate in the ALCP program for FY 2023 via an online form within TeamWorks.
 - Agencies not using TeamWorks for payroll must notify their employees of their eligibility to participate in the program and provide an ALCP election form for employees to complete and return to their payroll departments to process their payouts.
 - Payout amounts are based on employee base salary hourly rate. ALCP earnings will be classified as a supplemental wage payment and subject to federal income tax withholdings at a flat 22% rate in addition to standard state income and federal payroll taxes.
 - Depending on date of election, employees paid through Teamworks will receive payment on either the May 16th or May 31st paycheck.

User guides for both agencies and employees electing to participate in the FY 2023 Annual Leave Conversion Payout program are available on the announcements section of the TeamWorks HCM Homepage. For additional questions regarding the Annual Leave Conversion Payout program, please contact your OPB analyst.