

Office Memorandum

Date: December 11, 2020 [Revised December 24, 2020; revisions are in *italic emphasis* style]
To: Agency Payroll, HR, and Accounting Staff
From: Mary Muellner, Director, Statewide Payroll Services
Subject: **Reminder to Reduce Vacation Cap Extension and Additional Extension for Eligible Employees**

Earlier this year, eligible employees were granted a vacation cap extension from 7/1/2020 to 12/31/2020. Agencies must determine if those employees reduced their vacation balance below the contract minimum. If an employee has not reduced their vacation below the contract minimum by 12/31/2020 and has not been approved for an additional extension; then agencies will need to manually reduce the employee's vacation balance to the contract minimum during the 1/5/2021 pay period.

Employees who, as a result of the COVID-19 pandemic and response, have been prohibited from taking vacation and reducing their balances below contract minimum for FY2020, may be eligible for an additional extension through 6/30/2021. Employees must be approved for the additional extension by 12/31/2020. To learn more about employee eligibility and process for approval please reference the [Procedure for Processing Vacation Cap Waiver Requests for Employees Performing COVID-19 Related Activities](#).

Steps for Adjusting Vacation Hours

At Calendar Year-End

During the 1/5/2021 pay period, payroll staff must reduce the vacation balance for anyone who did not meet the minimum requirements on or before 12/31/2020 or was not granted an additional extension.

1. *Calculate the number of hours to be 'lost' by eligible employees who have not met the minimum requirements, or been approved for an extension, by 12/31/2020.*

Use the following formula:

*Beginning Balance – Taken (taken includes hours used up to and including 12/31)
+ Adjusted – Paid Off – Donated – Converted = Minimum Balance for the Pay
Period.*

NOTE: *The Minimum Balance for the Pay Period is always determined prior to earning accruals.*

2. *In Mass Time Entry, or on a Current Period adjustment use earnings code *VL and the number of hours that need to be reduced (e.g. *VL -43.25).*

Beginning Balance – Taken + Adjusted – Paid Off – Donated – Converted = Minimum Balance.

334.25 – 16.00 hours taken 12/23-12/24 + 0 adjusted – 0 paid off – 0 donated – 0 converted = 318.25

318.25 – 43.25 'lost' = 275 as of 12/31/2020

- 3. Inform the employee that the minimum requirements were not met; and the employee's vacation balance has been reduced to the minimum.*

For the full set of steps and instructions from Fiscal Year End please reference [Vacation Cap Extension Instructions](#) dated 5/20/2020.

Questions?

Agency Payroll, HR, and Accounting staff should contact Jody Dahl in Statewide Payroll Services at jody.dahl@state.mn.us or 651-201-8206 if there are questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF