

HR/LR General Memo #2014-3
Salary Savings Leave (Former PERSL #1377)**Issued** 02/24/2004
Revised 12/01/2014
Authority Enterprise Human Resources**GENERAL GUIDANCE AND INFORMATION**

This memo responds to questions raised about the number of hours allowed for salary savings leave, and the appropriateness of such leaves when another type of leave of absence is applicable. This memo will also discuss the effect of salary savings leave on benefits, including vacation accrual, insurance, and retirement, as well as other common concerns related to salary savings leave. Please review the following frequently asked questions and answers. Additional questions should be directed to your Labor Relations representative or Enterprise Human Resources.

1. What conditions must an agency meet to offer salary savings leave?

Salary savings leave (“SSL”) may be allowed by an Appointing Authority if the following conditions are met:

- a. Existing or projected budget problems exist;
- b. SSL would help alleviate the projected budget problem and/or help mitigate layoffs;
- c. Staffing needs and the need to continue efficient operation of the agency can continue to be met; and,
- d. Other unpaid leaves are not applicable to the situation.

2. What if an employee's contract/plan has no SSL provision?

Voluntary unpaid SSL may be available as provided in M.S. 43A.49.

3. Do statutory limits on the number of hours allowed for SSL restrict agencies from allowing salary savings leave of a longer duration under an applicable agreement/plan?

No. Statutory limits on the number of hours allowed for SSL do not restrict state agencies’ ability to allow SSLs or voluntary reduction in hours of a longer duration when the applicable collective bargaining agreement/plan allows such leaves. However, taking SSL beyond the statutory limit could affect the employee’s retirement service credit, just as it would with any other discretionary unpaid leave of absence. Affected employees should consult with Minnesota State Retirement System (MSRS) regarding the impact SSL may have on the employee’s pension calculation.

4. Must an Appointing Authority grant an employee's request for salary savings leave?

No, under the bargaining agreements and plans, as well as under M.S. 43A.49, even if the conditions for offering SSL are met, the decision to grant SSL requests is completely discretionary on the part of the Appointing Authority. In addition, care must be taken to avoid inappropriate applications of SSL. Employees are not permitted to take SSL rather than other applicable leaves in order to receive greater benefits.

5. What if the agency receives more requests for leave than it can approve?

The AFSCME collective bargaining agreement sets forth a process for addressing competing requests for leave. For other bargaining agreements and plans, conflicts in scheduling salary savings leaves are resolved in the same manner as conflicts for other discretionary unpaid leaves.

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6. What if the agency receives competing requests for use of vacation, compensatory time and SSL?

Consult the applicable collective bargaining agreement or plan. If the agreement or plan does not address conflicting requests for different types of leave, the Appointing Authority should give priority to requests for compensatory time and vacation over requests for SSL. In addition, Appointing Authorities must review requests for SSL in light of the business needs of the agency.

7. Is previously scheduled time off affected by taking SSL?

No, previously authorized vacation, comp time, sick leave and other paid and unpaid leaves of absence are unaffected. However, an agency can approve an employee's request to voluntarily substitute SSL for previously approved vacation or comp time use.

An Appointing Authority should not approve a request to substitute SSL for a discretionary unpaid leave of absence. The intent of SSL is to produce savings and replacing previously scheduled discretionary unpaid leave with SSL will result in higher costs.

8. Should SSL be considered as paid time when calculating the threshold of hours when an employee is eligible for overtime?

No. Some agreements and plans allow the calculation of paid time off in determining when an employee is eligible for overtime. The provisions are specific in listing what type of paid time is considered. SSL is not listed.

9. Can an employee on another type of discretionary unpaid leave use SSL for a few hours during a payroll period to maintain insurance?

No. As discussed above, the intent is to generate savings and doing this would increase costs.

10. Can an employee use SSL to avoid or delay a seasonal or permanent layoff?

No.

11. Will time on SSL count toward seniority and length of service requirements for changes in vacation accrual rates?

Yes.

12. May an employee use SSL on a day before or a day after a holiday without losing the holiday pay?

Yes, employees are eligible for paid holidays as if the employees had actually worked the hours of SSL. If a holiday occurs in a pay period when all other hours are taken as an SSL, payment for the holiday is included on the first paycheck after the employee returns to work.

13. Will use of SSL affect the completion of a probationary period?

Refer to the applicable bargaining agreement/plan. Time on SSL is treated the same as any other discretionary unpaid leave during a probationary period.

14. What impact will an SSL have on progression or anniversary date increases?

It does not affect the employee's anniversary date or eligibility for a step progression increase.

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15. Does SSL change the employee's insurance eligibility or employer contribution?

No. The employee's insurance eligibility and the employer contribution continue as if the employee actually worked the leave hours.

16. What happens to employees' insurance and other deductions during a payroll period in which they receive little or no pay, but are on SSL?

If the employee received a reduced salary (e.g., because the employee is using SSL one day per week), the employee's contribution will continue to be deducted from the paycheck. If the employee's reduced salary is insufficient to cover all insurance deductions, then a deduction will be taken in the following pay period. If the employee is not receiving any pay, the employee will be billed separately for his or her contributions.

17. The State Retirement System bases the amount of a retiree's annuity on the average earnings over the highest five successive years of employment. Will a voluntary unpaid leave affect the employee's pension?

It may, if the leave occurs during the employee's highest-earning 5 years. As with any other discretionary unpaid leave of absence, the employee's earnings are reduced, which results in a reduction in the annuity unless the employee makes the regular employee contribution and the employer contributes the amounts it would have contributed as if the employee had actively worked. Statute requires the Appointing Authority to make the employer contribution if the employee makes the employee contribution. The Appointing Authority, at its discretion, may pay the employee contribution as well. Employees should consult with MSRS if they have further questions.

18. Will SSL leave impact an employee's retirement service credit?

If an employee uses SSL up to 1,040 hours in each two-year period beginning July 1 of each odd-numbered year, as provided in M.S. 43A.49, the SSL will not impact an employee's retirement service credit. If an employee uses SSL beyond the number of hours provided in M. S. 43A.49, the employee should contact MSRS for further information.

19. Is an employee on SSL eligible to collect unemployment compensation?

No.

20. Once an employee has started SSL, may the employee be recalled to work early?

Yes, unless the bargaining agreement or compensation plan prohibits the Appointing Authority from canceling discretionary leaves of absence.

21. May an employee who has begun SSL terminate the leave before the planned leave end date?

Yes, if the Appointing Authority approves.

FORMS AND SUPPLEMENTS

Contacts	Enterprise Human Resources and/or Labor Relations representative
References	M.S. 43A.49 Voluntary Unpaid Leave of Absence