




Peralta Community College District

333 East Eighth Street • Oakland, California 94606 • (510) 466-7200

Office of Finance & Administration

Memorandum

To: Presidents
Vice Presidents
College Business Managers

From: Ronald Gerhard, Vice Chancellor 

Cc: Dr. José M. Ortiz, Chancellor *JMO*
Trudy Largent, Vice Chancellor for Human Resources and Employee Relations
Susan Rinne, Budget Director

Date: October 9, 2012

Re: Load Banking Program

For the last three fiscal years, the District has had a reoccurring audit finding related to the operating of the leave (load) banking program. Under article 26 section T of the PFT contract, a permanent tenured faculty member may "bank" any contracted extra service hours in lieu of receiving direct compensation at the time the work was performed. Faculty members may only bank up to a total of 30 semester hours and the payment of accumulated hours (cash out) is to be paid out at the value in which it was earned.

The audit finding expressed concern regarding the proper reporting and accounting compliance of Peralta's leave banking program with respect to the State's Budget and Accounting Manual and Internal Revenue Code Regulation 1.451-s(a). Specifically, the manner in which the District was managing this program was not in compliance with the IRS rules of constructive receipt. Unless necessary changes were made to the ability for faculty to cash out unused leave the District and faculty member would be at risk for tax related penalties and fines.

To make these necessary changes PFT and the District's negotiating team met and arrived at a mutually agreeable solution that meets the compliance requirements as previously stated while maintaining the viability of the program and interests of the faculty.

The culmination of this work is the attached Tentative Agreement signed by Vice Chancellor, Trudy Largent, and PFT President, Matthew Goldstein, as well as the new form to be used district-wide when faculty bank, cash out, and/or utilize banked leave. Please note that it is a requirement under the new contract language that prior to the use of the leave banking program, the form must now be signed off by either the Vice Chancellor for Finance or the Vice Chancellor of Human Resources and that the cashing out of leave is only permissible under limited circumstances as articulated within the new contract language and related form.

Your assistance with this new process and practice is appreciated. Should you have questions please feel free to contact me.


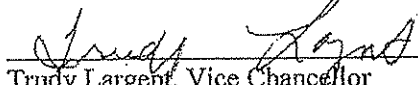

Side Letter of Agreement Between
Peralta Community College District and
Peralta Federation of Teachers

Article 26, Section T (Load Banking)

This letter of Agreement between the Peralta Community College District (PCCD) and the Peralta Federation of Teachers (PFT) is to modify Article 26, Section T regarding Leave Banking.

The parties agree to the following new language which is in bold with added footnotes:

A faculty member who has accumulated hours toward Banking Leave may cash out some or all of the hours for **documented** critical financial emergencies¹ or to pay out nominal residual balances². The cashed out hours shall be paid at the rate in force at the time at which the funds were earned. In the case of death, disability, retirement, resignation or termination for any reason, the amount of unused time shall be cashed out at its full value at the rate at which it was earned.

 Ronald Gerhard, Vice Chancellor Vice Chancellor for Finance & Administration	<u>10/3/12</u> Date
 Trudy Largent, Vice Chancellor Human Resources & Employee Relations	<u>10/3/2012</u> Date
 Matthew Golstein, President Peralta Federation of Teachers	<u>10/5/2012</u> Date

¹ "Documented critical financial emergencies" shall include one of the following documented events occurring within the six months preceding the request to cash out: death of unit member; death in their immediate family; bankruptcy; foreclosure; divorce; birth or adoption; retirement, termination, resignation, or permanent disability of the unit member, or their spouse or domestic partner.

Documentation must be submitted to the Vice Chancellor of Finance.

For any other documented critical financial emergency (not listed above), such as a serious medical emergency in the immediate family, documentation shall be submitted to both the PFT President and the Vice Chancellor of Finance, and the Vice Chancellor shall make the final decision as to whether the documented critical financial emergency meets the criteria of IRS Code 1.451-2 (Constructive receipt of income), after consultation with the PFT President.

² Nominal residual balances are defined as remaining balances of \$2,500 or less.

**PERALTA COMMUNITY COLLEGE DISTRICT
LEAVE BANKING PROGRAM APPLICATION**

College: _____

Date: _____

1. Request for: Banked Hours Use of Banked Hours (Leave) Cash-out Banked Hours
2. Documented Critical Hardship Emergency¹ Yes No
3. Nominal Residual Balance² Yes No
4. Instructor's Name: _____ SS#: _____
5. Term Applied for: Beginning: _____ Ending: _____
6. Number Of Hours To Be Banked Or Cashed Out: Semester Equated Hours: _____ Summer Equated Hours: _____
7. Instructor's Signature: _____ Date: _____

* * * * *
(DEAN'S OFFICE USE)

8. Status: Tenured Probationary. Indicate Contract FTE During Current School Year: _____
9. Date Last Banked Leave Taken/Paid: _____
10. Number Of Hours Used Or Cashed Out: _____
11. Balanced Of Banked Hours: _____
12. Budget Code To Be Charged (For Banked Hours Only): _____
13. Initial Date Of Hire (Seniority): _____
14. Rate Of Pay (Pro-Rata Schedule): _____
15. Verified By: _____ Date: _____

16. Approved: Disapproved: (For Taking Leave Only)
17. Dean: _____ Date: _____
18. Vice President: _____ Date: _____
19. College Business Officer: _____ Date: _____
20. Vice Chancellor For Finance & Admin: _____ Date: _____
21. Reason For Disapproval: _____
22. Remarks: _____
23. Entered And Recorded By: _____ Date: _____

Distribution: Personnel, Payroll, Dean, Vice President, Business Officer

CONVERSION FACTORS
 To convert semester equated hours to quarter equated hours multiply by 1.5
 To convert quarter equated hours to semester hours multiply by .667
 To convert summer semester hours divide by (3).
 To convert summer quarter hours divide by (2).

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 death of unit member
 death in their immediate family
 bankruptcy foreclosure divorce
 birth or adoption
 retirement, termination, resignation, or permanent disability of the unit member, or their spouse or domestic partner.

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