

Sample Policy - Vacation/Sick Leave Donation Policies:

PURPOSE: To establish a procedure through which eligible employees may voluntarily donate a portion of their accrued vacation/sick leave balance to be converted to cash to financially assist another employee who has exhausted sick leave, vacation, and holiday hours due to his/her extended illness or disability.

POLICY: All full-time or regular part-time employees who have completed the probation period will be considered eligible to participate in this program.

PROCEDURES:

1. Donations of accrued vacation/sick leave must be in whole hours, with a minimum of one hour per donation, a separate form must be completed for each pay period in which a donation is desired.
2. The donating employee shall specify the employee to receive the value of the donation.
3. Prior to proceeding the first donation(s) to an employee, the City will verify the eligibility of the named recipient (i.e. employee status and exhaustion of paid sick leave) and request the individual's written consent to receive donations. No donations will be processed until this written authorization is received. The authorization will remain valid until the individual revokes it or he/she becomes ineligible to participate in the program.
4. The donated vacation/sick leave will be converted to dollars by the City by multiplying the number of hours donated by the donor's hourly base pay rate at the time of processing. The resulting amount, less mandatory withholding (specified below), will be paid to the designated recipient.
5. Under a similar program, the IRS has ruled that these payments are to be considered wages, and therefore taxable income to the recipient. As a result, the payments will be included in the annual Form W-2 prepared for the recipient and State and Federal income tax and FICA/Medicare tax and Supplemental Retirement contributions depending on the eligibility of the recipient, will be withheld by the City at the time of payment. The IRS has also ruled that the donating employee realizes no income and incurs no tax deductible expense or loss, either upon donation or payment to the recipient.
6. The City will not inform the recipient of the names of those donating hours or the number of hours donated.
7. The donations processed for a recipient each pay period shall be limited to the amount equal to that individual's regular gross earnings per pay period (i.e. his/her current hourly base rate multiplied by his/her schedule hours of work per pay period). In the event donations exceed this limit, they will be processed in order of the date on the donation authorization form, with the earliest date processed first. Excess donations will be held until the following pay period(s) and processed at that time.
8. Once a donation has been processed, neither the donor nor the recipient may revoke the transaction, even if it has not yet been paid.
9. Program information maintained by the City shall be handled in accordance with the Government Data Practices Act, M.S. 13.43., subd. 2.

ADMINISTRATIVE RESPONSIBILITY: The Clerk-Treasurer shall be responsible for implementing and maintaining this program.

CITY OF _____ VACATION/SICK LEAVE DONATION PROGRAM

Vacation/Sick Leave Waiver & Donation Authorization Form

Having read and understood the City of _____ Vacation/Sick Leave Donation Program on the back of this form, and subject to the terms and conditions set forth therein, I hereby voluntarily waive my entitlement to and donate _____ hour(s) of my accrued vacation, _____ hour(s) of my accrued sick leave on the condition that the equivalent dollar value of the hour(s) I donate is paid by the City of _____ to the employee I have identified below:

EMPLOYEE TO RECEIVE DONATION:

Print name: _____ Department: _____
(Last) (First)

I understand that, upon submission of this form, I cannot control the timing of the deduction of the donated hour(s) from my vacation/sick leave balance and that, while I will not be specifically notified when the donation is processed, I may determine this by monitoring the vacation/sick leave balance reported to the City Council and department heads monthly.

Donor's Name (print): _____
(Last) (First)

Donor's Social Security Number: _____

Donor's Department Name: _____

Donor's Work Phone Number: _____

Donor's Signature: _____ Date: _____

Return form to: _____