

Leave Payout
Operating Procedure

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1. Purpose Statement

The purpose of this procedural change is to create a more efficient process conforming to University leave payout procedures for unused sick and unused annual leave that will generate prompt final payment to individuals ceasing University employment.

2. Procedure Overview

Upon leaving the University, employees will receive a payout of any unused annual leave, compensatory leave, and any vested unused sick leave within a reasonable period of time in accordance with University Procedures. Leave balance audits will be completed and adjustments made to the Automated Leave Tracking (ALT) system by the employee's department no later than two weeks following the termination date of the employee. The ALT system is considered the system of record. Leave balances will be paid based on the system of record to individuals who leave employment. Employees with 10 years of service will receive payment for the vested portion of their sick leave balances. Payout payments of compensatory leave to active employees and annual leave payout payments to active employees entering DROP will be paid by departmental request via paper adjustment forms sent to University Payroll.

3. Roles and Responsibilities

3.1 Employment Center/HR Representatives

The Employment Center/HR Representative is responsible for:

- 3.1.1 Ensuring the ASF is entered in a timely manner upon receipt by Human Resources. An ASF is used to make changes to employee work function as recorded in the GEMS system
- 3.1.2 Ensuring the proper termination coding is used in GEMS.

3.2 University Payroll

University Payroll is responsible for:

- 3.2.1 Running a biweekly query identifying all regular position employees with a termination date and a leave balance.
- 3.2.2 Reviewing available leave balances in ALT for employees identified in the query.
- 3.2.3 Generating a leave verification request to the University Leave Administrator for individuals who appear to have 10+ years of creditable service.
- 3.2.4 Processing final payment of verified balances to terminated employees.

3.3 Departments

Each Department is responsible for:

- 3.3.1 Immediately sending an ASF to Human Resources once a valid termination request or authorization is received (e.g. termination, layoff, resignation).
- 3.3.2 Conducting timely final audits of remaining leave balances as well as unused sick leave for employees with 10 or more creditable years of service with the University. Audits and corrections must be completed prior to the pay period end date of the pay period immediately following the one in which the employee separated.
- 3.3.3 Updating the system of record, ALT, with the correct leave balances prior to the pay period certification close date following the employee separation.
- 3.3.4 Reminding employees to notify Human Resources if they have prior service.

3.4 University Leave Administrator

The University Leave Administrator is responsible for:

- 3.4.1 Running a query to identify terminated employees who may be eligible for sick leave payout.
- 3.4.2 Conducting length of employment verification for terminated employees appearing to have 10 or more years of creditable service with the University as identified by Payroll on their query.
- 3.4.3 Notifying Payroll of employees eligible for sick leave payout.

4. Business Process

4.1 Department Termination of Employment

Once final authorization is given to the department for the end of employment, the department will create an ASF and immediately forward it to Human Resources to process.

The department will perform closeout audits to verify that the leave balances recorded in the system of record are accurate and valid. Any necessary adjustments must be completed no later than two weeks following the termination date of the employee.

Failure to perform necessary closeout audit functions and correction adjustments within the appropriate time frame may result in excess departmental payment.

Any change in pay distribution from the employee's normal pay distribution should be forwarded by email or memo to your Payroll Specialist in Payroll capturing the employee's name, GEMS ID number, and the combo code(s) to be used. If multiple combo codes are necessary, also provide the percentage of the total number of hours to be paid out per combo code. If the employee is paid from a contract/grant you should follow Clarification or Change in Procedure #013 (CCHIP #013) and note that the payment should be distributed to the USF Fringe Benefit Pool.

4.2 Human Resources Employment Center

The Human Resources Employment Center will process received ASFs in a timely manner in accordance with their internal operating procedures. This will ensure the individuals that terminate are recorded in the GEMS system accurately.

4.3 University Payroll

University Payroll will run a query on a bi-weekly basis that identifies all regular position employees with a termination date and a leave balance. Payroll will review the available leave balances recorded in ALT for the former employees identified in the query. Those individuals appearing to have 10 or more years of creditable service with the University will be sent to the University Leave Administrator as a leave balance verification request.

Leave balances will be paid to individuals who leave employment based on University Regulation and time recorded in the system of record.

Once eligibility for sick leave payout is verified by the University Leave Administrator, payment will occur as part of the following payroll for the terminated employee.

4.4 University Leave Administrator

The University Leave Administrator will run the query to identify former employees appearing to have 10 or more years of service with the University. The University Leave Administrator will verify the employee's vested years of service in accordance with the internal operating procedures for performing this verification. Upon verification, the University Leave Administrator will communicate the results to University Payroll.

5. Leave Payout Procedures

5.1 Types of Leave Affected

- Annual Leave
- Sick Leave
- Compensatory Leave Types:
 - Special Compensatory Leave
 - Overtime Compensatory Leave
 - Regular Compensatory Leave

5.2 Eligibility for Payment

- Annual leave = An employee who separates from employment with six (6) months or more of continuous service in an established position will be paid for all unused accrued annual leave hours up to the year-end maximum allowed for the pay plan. Annual leave is also paid out at the time the appointment of a faculty employee is changed from a twelve-month appointment to a nine-month appointment, or when an employee changes from a position to Temporary. Additionally, when an employee enrolls in the Deferred Retirement Optional Program (DROP) they may elect to cash out up to the allowable maximum number of unused accrued annual leave hours, based on the employee's pay plan.
- Sick Leave = An employee with ten (10) or more years of continuous service in an established position who has not participated in the University's Early Sick Leave Payout Program and who was employed prior to January 1, 2014, shall be paid for one-fourth of all unused accrued sick leave, up to a total of 480 hours. An employee who was hired on or after January 1, 2014 or who has less than ten (10) years of continuous service in an established position at the time of separation will not be paid for any unused sick leave and such leave shall be forfeited. Payment will be made based on the employee's final hourly rate of pay. All eligible employees will be compensated for unused sick leave in the following manner:
 - Hours earned on or after 10/1/1973 are paid at 25% of the balance to a maximum of 480 hours;
 - Hours earned prior to 10/1/1973 are paid at 12.5% of the balance.
- Special Compensatory Leave = employees with positive balances are eligible for payout either after termination or while currently employed.
- Overtime Compensatory Leave = employees with positive balances are eligible for payout either after termination or while currently employed.

- Regular Compensatory Leave = active (only) exempt staff with a balance of 120 accrued hours or more may receive a payout of the hours above 120.

5.3 Conditions Necessitating Leave Payouts

- End of appointment/termination
- Change in status requiring annual leave and certain compensatory leave balances to be paid out, such as changing from a position to a temporary appointment
- Active employee entering DROP and requesting a portion of their annual leave to be paid out
- Active employee receiving payout of Special Compensatory, Overtime Compensatory, and in certain cases Regular Compensatory leave
- Transfer of employee to new organizational unit (college/division) within USF requires payout of overtime and special compensatory leave, paid by the current unit and not the receiving unit.
- Death of an employee

5.4 Procedures

- For terminated employees or employees changing from position to Temporary:
 - The department must complete an audit of the employee's leave balances in ALT no later than two weeks following the termination date of the employee or status change date. Any adjustments to leave balances must be entered at this time.
 - Payroll will identify employees who terminated 30 days prior to the current pay period end date and will pay out the appropriate leave balances in ALT for the employee. No action is required by the department to initiate these payments.
- For 12-month faculty members changing to a 9-month position (NOTE: Faculty members making such a status change have the option of electing to retain their annual leave balance for a maximum of two years. If the employee wishes to exercise this option, Payroll must be notified no later than two weeks after the status change. If the employee does not elect to retain their annual leave balance):
 - The department must complete an audit of the employee's annual leave balance in ALT no later than two weeks of their conversion date. Any adjustments to the annual leave balance must be entered at this time.
 - Payroll will identify employees making such a change and approximately 30 days after the conversion date, Payroll will pay out the annual leave balance in ALT for the employee. No action is required by the department to initiate this payment.
- For active employees entering DROP and cashing out annual leave:
 - The departmental leave coordinator must enter an annual leave negative adjustment (AL-) in ALT for the number of hours the employee is cashing out and include a message that the hours are being paid due to the employee entering DROP.
 - Complete the Certification DROP Annual Leave Payout Form and forward it to Payroll for processing.

- For active employees with a payout of compensatory leave:
 - Complete the Certification Compensatory Leave Payout Form. Indicate the type of compensatory leave and number of hours to be paid out. Send the completed form to Payroll.

- For employees who transfer to a new organizational unit:
 - The department must complete an audit of the employee's leave balances in ALT no later than two weeks after their transfer date. Any adjustments to leave balances must be entered at this time.
 - Complete the Certification Compensatory Leave Payout Form. Indicate the type(s) of compensatory leave and number of hours to be paid out. Send the completed form to Payroll.

- For the death of an employee:
 - Per existing procedures, notify Payroll immediately upon learning of an employee's death. Complete a leave audit no later than two weeks after the employee's death. The employee's beneficiaries should contact HR Benefits, who will provide them with a Beneficiary Affidavit. Payroll will make all applicable leave payouts upon receipt of the completed Beneficiary Affidavit and a copy of the death certificate.

- For faculty members who are separating employment and who previously received paid parental leave:
 - The number of hours the faculty member utilized for paid parental leave, excluding any hours that were taken as accrued leave, shall be deducted from the total balance of accrued sick and/or annual leave hours that remain at the time of separation from USF. Sick leave hours shall be deducted first and if the paid parental leave hours utilized exceeds the available sick leave balance, any excess paid parental leave hours shall be deducted from the available annual leave hours, if any. Do not reduce any leave balance below zero. The USF A&L Administrator will enter in ALT the appropriate negative adjustment code (sick and possibly annual leave) with the corresponding number of negative hours and include a comment that the leave balance deduction is being made for paid parental leave at the time of separation. These steps should be completed as part of the standard leave audit done prior to the closing of the pay period following the employee's separation.

 - In the event that the number of paid parental leave hours utilized exceeds the available sick and annual leave balances, The USF A&L Administrator will enter in ALT the negative adjustment code with the corresponding number of negative hours necessary to reduce the sick or annual leave balance to zero and include a comment that the leave balance deduction is being made for paid parental leave at the time of separation and that the paid parental leave exceeds the employee's available sick or annual leave balance.

5.5 Special Cases

- Employees requesting special deferrals to a retirement annuity from their annual and/or sick leave payouts must contact the USF Retirement Coordinator in advance of their last day of employment and complete a form for such special handling. The Retirement Coordinator will forward the completed form to Payroll for processing.
- Departments wishing to distribute terminal leave payouts to accounts that differ from the employee’s last pay distribution must contact Payroll at the time they complete their leave audits to provide the requested pay distribution account(s).
- The payment of unused annual and sick leave is considered a fringe benefit that shall be treated in the same manner as the salaries of the employees receiving the benefit. If the salaries are treated as a direct cost of a sponsored project, the fringe benefits related to those salaries shall also be treated as direct costs. The payment should be distributed to the USF Fringe Benefit Pool and all institutional activities in proportion to the relative amount of time or effort devoted by the employee at the time of payout. The allocation of the leave should be made across the salary sources according to the pay distribution in effect at the time of payout.

6. Appendices

6.1 Definition

Definitions

ALT	Automated Leave Tracking System. The system of record for employee leave balances.
ASF	Appointment Status Form. Used to make changes to employee work function as recorded in the GEMS system.

6.2 Related Documents

- 6.2.1 ASF Form (revised)
- 6.2.2 DROP Annual Leave Payout Form (certification form)
- 6.2.3 Compensatory Leave Payout Form (certification form)

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