

**Issued:** August 31, 2017

**Responsible Official:** Executive Vice President and Chief Financial Officer

**Responsible Office:** Human Resources

**POLICIES**

---

**Policy Statement**

---

**Policy Statement**

The University of Memphis provides all regular full and part-time employees with regular periods of rest and relaxation away from the work environment, grants annual leave for the health, welfare and morale of all concerned, and recognizes length of service. Annual leave benefits shall be administered by the Department of Human Resources

---

**Purpose**

---

To explain the provisions and aid in the administration of the annual leave benefits available to eligible employees, as established by the University of Memphis.

---

**Definitions**

---

**Accrual Rate**

The number of hours of leave an employee accumulates per month based on his or her length of service or employment category.

**Exempt**

Employees who are exempt from the Fair Labor Standards Act minimum wage and overtime provisions due to the type of duties performed.

**Non-exempt**

Employees who are subject to the minimum wage and overtime pay provisions of the Fair Labor Standards Act.

**Regular, Full-Time Employee**

An employee scheduled to work 37.5 hours per week, in a unique budgeted position, for a period that is expected to exceed six months. A full-time employee may be a non-instructional employee, or an instructional employee who is hired for a full academic year and teaches the equivalent of 15 undergraduate hours or the equivalent of 12 graduate hours each semester.

**Regular, Part-time Employee**

A non-instructional employee scheduled to work fewer than 37.5 hours per week or an instructional employee who teaches less than the equivalent of 15 undergraduate hours or 12 graduate hours each semester.

**Terminal Leave**

This is the period during which a **retiring** employee remains on the payroll beyond his or her last physical working day and is being paid for accrued and unused annual leave hours.

**MODFY Employee**

MODFY stands for Modified Fiscal Year. Regular, full and part-time, non-teaching personnel whose regular service period is at least nine months but less than twelve months. The actual length and work schedule can vary at the discretion of the Vice President. Normally, a MODFY employee works ten months, August through May and is off the months of June and July. MODFY employees may be exempt or non-exempt, and regardless of the number of non-work months, MODFY employees are paid 1/12 of their annual salary on regular monthly payrolls twelve months per year.

**Principal Investigator (PI) or Program/Project Director (PD)**

The individual who directs a program/project. The principle investigator or project director is the individual with primary responsibility for the proper conduct and management of research or project described in the proposal or award. The term Principal Investigator is used primarily for research projects, while Program or Project Director is primarily used in conjunction with instructional or public service projects.

**Procedures**

**Regular, Full-Time Employee Eligibility and Accrual Rate**

The following accrual rates apply to continuing periods of full-time employment, regardless of the employee's probationary status; i.e., leave will accrue during the initial six-month probationary period.

All regular executive, administrative/professional, and twelve-month academic personnel (exempt from the overtime and record keeping provisions of the Fair Labor Standards Act), and exempt MODFY employees, are eligible to accrue annual leave as follows:

- Accrual Rate -15.0 hours per month

All regular clerical/support and MODFY personnel who are not exempt from the overtime and record keeping provisions of the Fair Labor Standards Act, are eligible to accrue annual leave as follows:

0 to 5 years of service	7.5 hours per month
5 to10 years of service	11.3 hours per month
10 to 20 years of service	13.2 hours per month
20 or more years of service	15.0 hours per month

Full or part-time nine, ten, and eleven-month academic personnel, temporary employees, student employees, and employees in leave without pay status do not accrue annual leave.

**Regular, Part-Time Employee Eligibility and Accrual Rate**

Regular, part-time exempt and non-exempt personnel employed on a twelve-month basis and regular exempt and non-exempt part-time personnel on MODFY (Modified Fiscal Year) appointments, regardless of probationary status, are eligible to accrue annual leave on a prorated basis equal to the percentage of their full-time equivalency.

This percentage is to be applied to the accrual rate and maximum accumulation as listed for regular, full-time employees. This prorated leave accrual applies to employees who work less than 37.5 hours per week for a period longer than six (6) months).

**Grant Funded Employees**

Employees on grants and contracts who are eligible for leave accrual will accrue leave at the same rate as do regular University employees.

**Maximum Accumulation**

Regular, full and part-time **exempt**, and twelve-month academic employees, may earn no more than 180 hours of annual leave per year and may accumulate a **maximum of 315 hours to carry forward** for use in the next fiscal year.

Depending upon years of service, regular, full and part-time **non-exempt** clerical/support and MODFY employees may earn from 90 to 180 hours of annual leave per year. The maximum carry forward is in accordance with the following schedule:

Years of Service	Accrual Rate Per Month	Maximum Annual Accumulation	Maximum Total Accumulation Within FY	Maximum Accumulation Carried Forward to Next FY
0 - 5	7.5	90.0	315.0	225.0
5 - 10	11.3	135.6	405.6	270.0
10 - 20	13.2	158.4	450.9	292.5
20 or more	15.0	180.0	495.0	315.0

In the event excess annual leave is not used during the fiscal year in which it is accrued, it will be transferred to the employee's accumulated sick leave balance at the close of the fiscal year, unless the employee terminates or is on terminal leave as of June 30. In this case, the full amount of accrued annual leave shall be carried forward into the next fiscal year and will be paid to the employee as terminal leave. Retiring employees on terminal

leave as of June 30 may have the full amount of accrued annual leave carried forward into the next fiscal year to be paid as terminal leave.

### **Requesting and Recording Annual Leave**

It is the responsibility of the department or activity head to administer annual leave for employees under their supervision, including establishing processes for requesting leave, granting approval, and recording annual leave use.

Official University holidays, Saturdays, Sundays, or time normally scheduled off shall not be counted as annual leave unless such time is designated as a workday for the employee. Eligible employees will earn annual leave for the full month after working the major portion of the month, i.e., more than 50%.

Activity heads should encourage employees who have been employed at the University one year or longer to take all annual leave that they accrue each year.

### **Establishing the Date for Leave Accrual**

Normally the computation for leave credit begins on the employee's date of employment. The employee will receive leave credit upon working the major portion of the month, i.e., more than 50% the first calendar month. The reconciliation of leave hours are finalized after the payroll period has concluded. The use of leave once reconciled will be available to use by the employee in the next pay period.

Note: The date of employment will be adjusted if the employee incurs a break in service, e.g., more than five days on unpaid leave of absence or other temporary breaks in employment.

Regular, part-time employees reclassified as regular, full-time employees will retain their original leave accrual rates based on eligibility. Any unused annual leave hours may be carried forward to the new full-time assignment.

Employees who serve in temporary appointments accrue no leave; however, if they are subsequently appointed as a regular employee with no break in service, they will receive retroactive credit for the appropriate amount of annual and sick leave.

Employees on MODIFY appointments shall receive a full year's credit for accrual level purposes for each MODIFY completed.

### **Use of Annual Leave to Cover Absences Due to Sickness**

Occasionally an employee uses all his or her available sick leave hours, both personal and Sick Leave Bank membership hours, due to illness or injury. In these cases, the Human Resources system will automatically deduct hours from the employee's annual leave balance to cover reported sick leave absences. If all sick and annual leave hours are exhausted, the employee will be placed on unpaid leave.

In addition, the Sick Leave Banks provide emergency sick leave to members of the programs who have suffered an illness, injury

or disability who have exhausted their personal sick and annual leave. Refer to [HR5026 Sick Leave Banks - Faculty and Staff](#) policy for additional information.

NOTE: Although annual leave can be substituted for sick leave, the reverse is not allowed. Sick leave may not be substituted for annual leave.

**Use of Annual Leave with other Approved Leaves**

Annual leave may be used in conjunction with other leaves such as Court, Military, Parental, and other approved leaves of absences. Refer to [HR5025 - Leaves of Absence](#) policy for more information.

**MODFY Accrual During Non-Scheduled Working Period**

When a regular, exempt, MODFY employee is required to work during the non-scheduled working period of their assignment, up to two annual leave days per month may accrue.

For each of the non-scheduled working month a regular, non-exempt, clerical and support, MODFY employee works, annual leave is accrued in accordance with the maximum accumulation chart above.

For part-time, exempt and non-exempt employees, actual hours earned is calculated on a prorated basis equal to the percentage of their employment during that month compared to full-time employment.

**Change in Leave Eligibility Category**

When an employee transfers to a different category of employment, e.g., clerical/support to administrative/professional, he or she will retain the accrued annual leave up to the maximum allowed for the category to which he or she is transferred.

However, if an employee has an accrued annual leave balance and transfers to a nine-month academic position, he or she is no longer eligible to accrue annual leave and will be required to (a) take all accumulated annual leave prior to the date of transfer or (b) receive lump sum payment for the hours of annual leave at the time of transfer.

**Payment of Accrued Annual Leave Upon Separation or Retirement**

Upon separation, employees eligible to be paid for accrued but unused annual leave shall be paid a lump sum payment for all accrued and unused annual leave with these exceptions:

- Employees terminated for gross misconduct, or who resign to avoid termination for gross misconduct will not be paid for annual leave.

NOTE: Employees may not resign to avoid termination after completion of an investigation into suspected theft of institutional property.

- Employees who retire from the University may choose to be paid for annual leave either through a lump sum payment or by remaining on the payroll by use of 'terminal leave'.

During the period of terminal leave, the retiring employee shall not earn additional annual or sick leave, shall not be eligible to use sick leave, and shall not be eligible for any salary increase. However, an employee shall receive credit for any official holidays occurring during the period of terminal leave. The employee shall also continue to be eligible for group health insurance coverage with payments being deducted from the terminal leave pay.

When choosing 'Terminal Leave', the employee's official date of retirement shall be the date after the annual leave is exhausted. If the last working day occurs prior to July 1, payment for accrued annual leave under this section is not limited to the maximum accumulation that may be carried forward from one fiscal year to the next, even if the terminal leave period extends beyond July 1.

Other employees terminating and being paid for all accrued and unused annual leave through lump sum payment will have their last physical working day listed as their official date of termination.

Nonexempt employees are paid their annual leave based on their last hourly pay rate.

Exempt employees are paid their annual leave by converting their annual base salary into an hourly rate (annual salary divided by 1950) and then multiplying it by the remaining number of hours of annual leave.

In the case of death of an employee, payment for the employee's unused accrued annual leave is paid to the employee's estate or designated beneficiary.

An employee who transfers to another Tennessee system institution/school or another State of Tennessee agency shall not be paid for his or her accrued and unused annual leave. Instead, all unused annual leave shall be transferred to the other institution, school, or state agency.

**Notice Period/Lieu  
of Notice Status**

When regular employees are involuntarily terminated, the University is ordinarily required to pay at least a two-week notice to non-exempt paid employees and at least a one-month notice to exempt employees. Likewise, when regular employees voluntarily terminate (resign), they are expected to give the University a comparable notice, i.e., a two-week notice from hourly employees and a one-month notice from monthly paid employees. The only exception to the notice requirements is for employees who are still in their six-month probationary period

and employees who are involuntarily terminated for misconduct. Temporary employees are not entitled to receive nor are they required to give notice.

Occasionally, regular employees are not required to work during their notice period, and the University compensates them for the customary amount of time. This is referred to as "pay in lieu of notice". When this occurs, employees are entitled to receive annual leave accrual for the period paid in lieu of notice.

---

## FAQs

---

**Do temporary employees accrue leave?**

Employees are not eligible to accrue annual leave while in temporary status. However, temporary employees who are subsequently appointed, with no break in service, as regular employees are eligible to accrue annual leave and will be credited with leave accruals retroactive to the date of employment.

**When is leave earned?**

Eligible employees will accumulate annual leave for the full month after working the major portion of the month (i.e., more than 50%). Such leave will be available for use the following pay period, regardless of an employee's probationary status. The use of annual leave is subject to the discretion of the approving authority. Annual leave may not be taken before it is earned and available for use.

**Are employees required to use annual leave to attend Board meetings?**

No, however, employees are required to notify supervisors of their intent to attend Board meetings consistent with the operational needs of the department.

---

## Links

---

**Family Medical and Service Member Leave Policy**

[HR5028 - Family Medical and Service Member Leave](#)

**Leaves of Absence Policy**

[HR5025 - Leaves of Absence](#)

**Leave Transfer Between State Institutions and State Agencies Policy**

[HR5031- Leave Transfer Between State Institutions and State Agencies](#)

**Timekeeping and Leave Reporting Policy**

[HR5029 - Timekeeping and Leave Reporting](#)

**Bereavement Leave Policy**

[HR5023 - Bereavement Leave](#)

**Sick Leave Policy**

[HR5022 - Sick Leave](#)

**Sick Leave Banks - Faculty and Staff Policy**

[HR5026 Sick Leave Banks - Faculty and Staff](#)

---

**Revision Dates**

---

HR5021 - Supersedes UM1508 March 22, 2018  
UM1508 - Revised August 31, 2017  
UM1508 - Issued March 31, 2005  
(Supersedes policy number 2D:05:01B)

---

**Subject Areas:**

Academic	Finance	General	Human Resources	Information Technology	Research	Student Affairs
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

---