

Treatment of Separation Leave Payments

Effective July 1, 2011, the University will change its process for recovering and charging separation leave for benefits eligible classified staff, professional staff and librarians. The term “separation leave” refers to qualifying payments made to employees for accumulated annual leave at the time of separation and accumulated sick leave at time of retirement or death (valued at 25% of current hourly rate).

The new process will include a modest increase to the fringe benefit load rate (0.5% and 0.7% respectively for classified and professional staff/librarians). This additional amount will be charged against classified and professional staff/librarian salaries, just like other components of the University’s fringe benefit rate are now. The amount collected through this increase will be accumulated in a reserve budget. Eligible lump sum separation leave payments will be charged to this reserve account. Any over/under recoveries realized will be factored into subsequent year’s benefit load rate. This new process does not address sick and annual leave taken in the normal course of day to day business.

The increase in the fringe benefit load rate assessed to individual budgets will be offset by the elimination of separation leave salary assessments to those same budgets. This will eliminate large, unanticipated separation leave payouts, which is especially challenging when assessed to budgets with fixed periods and sponsored project budgets.

There will be very little change for departments resulting from this new process. They should continue to process separation leave payment requests in the same manner they are doing today. The Payroll Office will review these requests and process them accordingly, i.e., if the effective date of the leave is on or after July 1, 2011 the charge will be assessed to the new separation leave budget. If the leave occurs prior to July 1, 2011 the charge will be assessed to the individual budget(s) as is presently done, i.e., charged to the budget(s) that were last assessed the regular payroll charges.

This change represents a major milestone by minimizing financial hardships encountered when classified staff, professional staff and librarians move from unit-to-unit or from project-to-project only to shortly thereafter leave the University.