MEMORANDUM

TO: College Budget Officers

FROM: Cynthia Hale, Associate Vice President of Finance and Personnel

SUBJECT: Implementation Guidance for Payout of Accrued Annual Leave to Faculty Funded in Whole or In Part by Contracts and Grants

DATE: February, 14 2020

Colleagues,

As part of the Fringe Benefits Rate Project, the Provost has issued the attached procedure to support implementation of USM Board of Regents Policy II-2.40, *Policy on Annual Leave for Faculty*. This procedure is intended to create consistency across divisions with respect to faculty leave payout for faculty paid in whole or part by contracts or grants. Accrued leave payout is a benefit that is included in the University's composite fringe rates; thus leave payout expenses will not be charged directly to departmental accounts, they will be paid by the Central University using funds recovered through the fringe rates.


Please note, this procedure only applies to faculty on 12 month appointments of at least 50% FTE, who are funded in whole or in part from contracts or grants. (USM Policy II-2.40, Section III)

This procedure does not apply to 12-month faculty who are paid entirely from state funds, which is often the case for faculty holding administrative positions, such as Chair, Dean, etc.. Please establish a consistent procedure for handling cash payout of leave for these faculty.

The following guidance is intended to support implementation of the procedure:

Email the Fringe Rate Team, [fringerates@umd.edu](mailto:fringerates@umd.edu), with questions about this implementation guidance.

Email PHR Support, [phrserv@umd.edu](mailto:phrserv@umd.edu), with questions about processing leave payout.
• **Contracts for new faculty hires** must be updated to comply with this supplemental policy by January 31, 2020. Updated agreement templates, including the below recommended language, will be available through The Office of Faculty Affairs website.

• **Existing contracts** should be handled as follows:
  
  ○ If the current contract provides for accrual, carryover, and cash payout of annual leave that is in an amount that is **greater than that described in the procedure**, the contract should be modified at the next renewal period or by June 30, 2020, whichever occurs first.  
  
  _Faculty with accrued annual leave balances greater than what is described in the procedure should be encouraged to use annual leave prior to leaving USM employment or returning to an academic year faculty appointment that is not entitled to earn annual leave benefits._

  ○ If the current contract provides for accrual, carryover, and cash payout of annual leave that is in an amount that is **less than that described in the procedure**, the contract should be modified by March 15, 2020 to comply with the UMCP procedure.

• **Recommended language** to be used in modified contracts to comply with the procedure:
  
  ○ If applicable: As a faculty member on a 12-month appointment, funded in whole or in part from contracts or grants, you earn 3 days of personal leave, 15 days of sick leave and 22 days of annual leave per calendar year. Beginning with the twenty-first year of employment, a full-time faculty member serving on a fiscal-year contract shall earn twenty-five (25) days of paid annual leave and three (3) days of paid personal leave per calendar year.

  _Leave is accrued proportionately based on the number of days worked as described in the USM Policy on Annual Leave for Faculty (II.2.40). Personal leave must be used in the calendar year in which it is earned; personal leave is not carried over from one calendar year to the next and faculty are not eligible for a cash payout of unused personal leave days upon termination of employment._

  _As per the USM policy, annual leave may be used only to the extent earned and with the concurrence of your supervisor. You are encouraged to use accrued annual leave during the term of your appointment._

  _A part-time faculty member appointed on at least a 50% FTE and serving on a fiscal year contract shall earn, use, accrue and be eligible for a cash payout of annual leave on a pro-rata basis on the same terms available to full-time faculty. Faculty may carry over a maximum of 50 days (400 hours) of unused accrued annual leave into the next calendar year. Upon resignation, retirement, non-renewal or conversion to a non-annual leave accruing appointment, a faculty member is entitled to a maximum cash payout of no more than 10 days (80 hours)._  

  _Email the Fringe Rate Team, fringerates@umd.edu, with questions about this implementation guidance._

  _Email PHR Support, phrserv@umd.edu, with questions about processing leave payout._
UMCP Procedure for Payout of Accrued Leave pursuant to Board of Regents (BOR):
II-2.40 – Policy on Annual Leave for Faculty, Section III.

BOR Policy II-2.40 allows constituent institutions to limit the number of days of annual leave for which faculty may be paid upon leaving employment when funded in whole or in part from contracts and grants provided such change is included in the faculty member’s appointment agreement. It also allows constituent institutions to adopt procedures for the payment of annual leave in whole or in part at the time faculty convert from appointments which accrue annual leave to those that do not accrue annual leave, or convert from 12 month appointments to academic year appointments.

I. PURPOSE
This UMCP procedure is intended to create consistency across divisions with respect to faculty leave payout limitations for 12-month faculty members who are paid in whole or in part from contracts or grants and who are eligible to earn annual leave. Leave payouts are part of the Fringe Benefit Rates FY2020 implementation creating the need for transparency and equal treatment of faculty no matter the division(s) in which their appointment(s) resides.

II. 12 MONTH FACULTY FUNDED BY GRANTS AND CONTRACTS, ELIGIBLE TO EARN LEAVE

A. A faculty member appointed on at least a 50% FTE, and serving on a 12-month contract, whose salary is funded all or in part by sponsored funds, shall earn annual leave on a pro-rata basis consistent with university policy. Qualifying faculty may carryover a maximum of 400 hours of unused (accrued) annual leave into the next calendar year.

B. Upon resignation, retirement, or non-renewal of an appointment contract or conversion to a 9-month appointment, a maximum of 80 hours, or pro-rata share if less than 100% FTE, will be paid to the employee from the Central University (GENU) fringe benefit pool.

C. Funding source changes (from payment in whole or in part from contracts and grants to payment via state funds) less than six (6) months prior to resignation, retirement or non-renewal of contracts will not negate application of II.B. above.

D. This procedure does not apply to faculty paid 100% on state funds.

Approved on January 10, 2020

Dr. Mary Ann Rankin,
Senior Vice President and Provost