

System-wide Policy: HR0305 - Annual Leave (Vacation)	
Version: 18	Effective Date: 03/11/2021

HR0305 – ANNUAL LEAVE (VACATION)03/11/2021

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Objective:

To provide eligible regular staff and 12-month faculty with paid time away from work.

Policy:

General Guidelines

1. The following information applies to regular employees and 12-month faculty:
 - a. Employees must be in an active status to accrue annual leave (vacation).
Active status does not include any period of unpaid leave of absence or any non-working period for a flex-year employee.
 - b. Employees accrue annual leave on a monthly basis on the first day of each month.
 - c. The amount of annual leave accrued is based on the constructed annual leave date, the work schedule (planned working time) as recorded in the accounting system, the employee's Fair Labor Standards Act (FLSA) designation of non-exempt or exempt, and the number of workdays in the month the employee is eligible to accrue leave.

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- d. An employee with two or more periods of eligible service shall be credited with this service to establish a constructed annual leave date.
- e. If an absence without pay exceeds ten business days, the department is required to place the employee on leave of absence without pay. Human Resources will revise the constructed annual leave date.
- f. Employees are not permitted to take annual leave until accruing it, and the university is not permitted to advance annual leave. Leave must be approved in advance by the supervisor. Failure to follow departmental procedure in requesting leave and obtaining approval may result in the use of leave being denied.

Annual Leave Accrual Rates

- 2. Eligible regular full-time exempt staff and 12-month faculty earn and accrue annual leave at the rate of 16 hours per month. A maximum of 336 hours may be carried forward from one calendar year to the next.
- 3. Eligible regular non-exempt staff earn and accrue annual leave as follows:
 - a. 8 hours per month worked for the first five years of service. A maximum of 240 hours may be carried forward from one calendar year to the next.
 - b. 12 hours per month worked during the sixth year and through the tenth year of service. A maximum of 288 hours may be carried forward from one calendar year to the next.
 - c. 14 hours per month worked during the eleventh year and through the twentieth year of service. A maximum of 312 hours may be carried forward from one calendar year to the next.
 - d. 16 hours per month worked with more than twenty years of service. A maximum of 336 hours may be carried forward from one calendar year to the next.
- 4. The following accrual rates apply for regular part-time employees:

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- a. Eligible regular part-time employees who began employment on or before January 31, 2014 accrue annual leave at a rate pro rata to their planned working time in the accounting system. The maximum annual leave hours that may be carried forward from one calendar year to the next is also pro rata to the employee's percentage of effort as recorded in the accounting system.
 - b. Eligible regular part-time employees who began employment on or after February 1, 2014, accrue annual leave if their planned working time as recorded in the accounting system is 75 percent effort or more. Annual leave is accrued at a rate pro rata to their planned working time in the accounting system at 75 percent or more. The maximum annual leave hours that may be carried forward from one calendar year to the next is also pro rata to the employee's percentage of effort as recorded in the accounting system.
 - c. Regular part-time employees who began employment on or after February 1, 2014 and have a planned working time in the accounting system of less than 75 percent are ineligible to accrue annual leave.
5. The accrual rate in effect on the day the employee accrues leave determines the accrual for the month. If this day is also an accrual rate transition date, the new higher accrual rate is used.

Annual Leave Exceeding Maximum Year-End Carry Forwards

6. Annual leave accrued in excess of the applicable maximums shall be transferred to the employee's sick leave balance at the end of each calendar year. If this day is also an accrual rate transition date, the new higher carry forward limit is used. If the employee is not in active status on this date, the leave carried forward is based on the maximum year-end carryover effective on the employee's last day in an active status.

Leaves of Absence

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7. During employment, if an absence without pay exceeds ten business days, the department is required to place the employee on leave of absence without pay. Any annual leave due the month in which the employee returns to work will be granted on the first day he or she returns to an active pay status and prorated according to the applicable provisions of this policy. If an employee fails to return from a leave of absence with or without pay, a lump sum payment shall be made for accrued annual leave at the salary rate in effect prior to the leave.

Leave Adjustments

8. Within the accounting system retroactivity period, adjustments can be entered in the accounting system. Time evaluation will automatically re-evaluate the time for the prior pay periods. Adjustments for pay periods older than the retroactivity period are made by the campus human resources office.

Approved Military Leave

9. Upon return from an approved military leave, an employee will be credited with all such military service for the purpose of annual leave accrual rates.

Transfers and Changes to Status

10. When an employee with accrued annual leave transfers to another department and continues in a leave accruing position, the receiving department will be responsible for the transferred annual leave balance.
11. Before an employee moves from a leave-accruing position to a position that does not accrue leave, the employee should be strongly encouraged to use annual leave.
12. When an employee transfers out of a leave-accruing position or status effective on or before December 31, 2017, unused annual leave will be transferred to an

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inactive status. If the employee returns to a position or status for which annual leave accrues, the annual leave balance will be restored to the employee and will become the responsibility of the employee's department at the time leave begins to accrue. Upon retirement or termination, annual leave will be paid out in accordance with policy.

13. Effective January 1, 2018, an employee who moves into a position or status that does not accrue annual leave will receive a lump-sum payment, less all applicable withholdings, for accrued annual leave at the employee's rate of pay immediately prior to the transfer, up to the maximum stated in this policy, and will no longer accrue annual leave. (Examples include (a) a 12-month faculty member moving to 9-month status; (b) a staff employee becoming a student-employee; (c) a staff employee reducing planned working time below 75%; and (d) a staff employee hired on or prior to January 31, 2014 with planned working time of less than 75% changing (either increasing or decreasing) planned working time and remaining under 75%). If an employee re-enters a leave accruing position or status, the employee will begin accruing annual leave. If an employee re-enters a leave-accruing position or status within 42 working days of exiting a leave accruing position or status, the employee may be required to repay the annual leave balance and have annual leave reinstated.
14. When an employee transfers to a position as a student employee in which leave does not accrue, a lump sum payment shall be made for any accumulated annual leave at the salary rate in effect prior to the change, up to the maximums stated in this policy.
15. When an employee transfers to work under a grant or contract and has accumulated annual leave, the department sponsoring the grant or contract assumes responsibility for the annual leave balance. Employees who accrue leave on grant or contract appointments may be required to use their annual leave during their period of appointment on the grant or contract. It is the

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responsibility of the principal investigator and the sponsoring department to ensure that either annual leave is used or that funds are available for any lump-sum payment of unused annual leave due upon termination of employment, including termination due to grant expiration. If such an employee transfers from work on the grant or contract to another department and has not taken annual leave, the receiving department will be responsible for the annual leave balance.

16. If an employee terminates employment with the University of Tennessee without a break in service to accept employment with another state agency, including another state college or university, all accumulated annual leave will be transferred to the employing agency.

Re-Employment with the University of Tennessee

17. Re-employment with the University of Tennessee within 42 working days after termination may require transferring or reinstating annual leave. See [HR0360 - Leave Transfer Between the University and State Agencies](#).

Termination of Employment

18. Upon termination of employment, any accrued annual leave in excess of the maximum carry-forward amount is credited to the sick leave balance of the terminating employee, and the remaining balance is paid to the employee at the employee's rate of pay at the time of termination and in accordance with normal payroll practices. Employees terminated for gross misconduct will not receive any payment for accrued annual leave.

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Retirement

19. At the time of retirement, a retiree may elect a lump sum payment of unused annual leave. If this election is made, retirement contributions will not be made on the value of the unused leave, and the amount of payment will not be included as part of the retiree's average final compensation. Should the retiree elect not to receive the lump sum payment for annual leave, he or she will be extended on the payroll until all annual leave has been used. In such a case, the university will make retirement contributions on behalf of the employee and creditable service for retirement will be granted. Additionally, the value of the leave will be included in the retiree's average final compensation.

Death of an Employee in Active Pay Status

20. See [HR0307 - Benefit in the Event of an Employee Death](#), for applicable policy regarding payment for accrued annual leave.

PROCEDURES:

To view links to campus policies and procedures, click here:

<https://policy.tennessee.edu/campus-policies-procedures>

Related Policies: [HR0160 - Termination of Employment](#), [HR0307 - Benefit in the Event of an Employee Death](#), [HR0310 - Continuous Service Credit](#), [HR0355 - Leave of Absence](#), [HR0360 - Leave Transfer Between the University and State Agencies](#), [HR0370 - Military Leave](#), [HR0375 - Retirement Plans](#)