

TOPIC: Proposed Amendment to USM Policy II-2.40—Policy on Annual Leave for Faculty

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: June 8, 2017

SUMMARY: The proposed amendment would provide institutions the discretion, under certain circumstances, to pay faculty members the value of all or part of their accrued annual leave prior to terminating their employment. A similar amendment was made to staff policy a few years ago.

The proposed amendment would permit an institution to adopt procedures to permit such payments to faculty members who change to a status that results in (1) lost eligibility to accrue annual leave or (2) earning annual leave at a reduced rate. This would occur, for example, when a faculty member transitions from a twelve-month, full-time appointment, in which they accrue 22 days of annual leave every year, to any appointment less than 0.5 FTE appointment, in which they accrue no annual leave. It would also occur when a faculty member transitions from a twelve-month, full-time appointment to a ten-month, full-time appointment, which would result in a reduction in the annual leave accrual rate from 22 days annually to 15 days annually.

Under the current policy, when faculty lose eligibility to accrue annual leave, some institutions must manually track unused annual leave from the time of transition. This increases the risk of errors in reporting open liabilities for leave payments and the risk of failure to compensate the faculty members properly upon separation from employment. The ability to calculate and pay annual leave upon reduction of faculty effort also reduces open liabilities for leave payments. Finally, payment for annual leave prior to separation can be a useful incentive in encouraging phased retirements that involve change to part-time responsibilities prior to separation.

A red-lined copy of the policy is attached. This proposed policy amendment has been reviewed by CUSF, institutional provosts and presidents. It will be presented to the Chancellor's Council for review at its June 6th meeting. The Attorney General's Office has reviewed and approved it.

ALTERNATIVE(S): The Committee could choose to recommend that the Board not approve the proposed policy amendment or could recommend alternatives to the proposed amendment.

FISCAL IMPACT: The estimated fiscal impact is unknown; it will depend on each individual institution's use of the policy to provide payments to individual employees.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the proposed policy amendment.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923

II-2.40 POLICY ON ANNUAL LEAVE FOR FACULTY

(Approved by the Board of Regents, January 11, 1990; Amended December 9, 1994; Amended February 9, 2001; Amended)

I. FACULTY WITH CONTRACTS OF LESS THAN TWELVE MONTHS

- A. A faculty member serving on an academic-year contract of less than ten months is not entitled to paid annual leave.
- B. A full-time faculty member serving on a ten-month academic-year contract is entitled to fifteen calendar days of paid annual leave which shall be the last fifteen days of the ten-month contract period, unless otherwise designated at the time of appointment. Such paid annual leave time may not be carried forward into the next fiscal year.
- C. A part-time faculty member appointed on at least a 50% of full-time basis and serving on a ten-month academic-year contract is entitled to annual leave on a pro-rata basis. Such leave shall be taken as the final days of the ten-month contract period, unless otherwise designated at the time of appointment. Such paid annual leave may not be carried forward into the next fiscal year.

II. FACULTY WITH TWELVE-MONTH (FISCAL-YEAR) CONTRACTS

- A. A full-time faculty member serving on a fiscal-year contract shall earn twenty-two (22) days of paid annual leave and three (3) days of personal 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.
- B. A part-time faculty member appointed on at least a 50% of full-time basis and serving on a fiscal-year contract shall earn, use, accrue, and be eligible for payment of annual and personal leave, on a pro-rata basis, on the same terms available to full-time fiscal-year faculty members.
- C. The time taken as paid annual leave shall have the concurrence of the supervisor.
- D. Annual leave may be accumulated, but only a maximum of fifty (50) work days may be carried forward into a new calendar year.
- E. At the end of each calendar year, a supervisor may, through appropriate channels, recommend to the institution's Chief Executive Officer or designee that a fiscal-year faculty member be paid for days of annual leave lost because of the denial of an annual-leave request. The supervisor's recommendation for payment for lost annual leave shall be accompanied by a written explanation of why the lost annual leave was not taken at another time during the calendar year. Payment is at the discretion of the chief

executive officer or designee. It is also limited to unused annual leave that is in excess of the maximum accumulation and that is lost by the employee at the end of the calendar year.

- F. A fiscal-year faculty member transferring from one University System of Maryland institution to another shall be entitled to carry into the new position all unused annual leave accumulated at the time of transfer. Fiscal-year faculty members leaving the University System of Maryland to take another State position who are not entitled to transfer accumulated leave and fiscal-year faculty members leaving State service shall be compensated for all unused annual leave accumulated up to the date of resignation.
- G. Unused paid personal leave days may not be carried forward into the next calendar year and are not eligible for compensation upon termination.

III. EXCEPTION FOR FISCAL-YEAR FACULTY FUNDED BY GRANTS AND CONTRACTS

For fiscal-year faculty members who are paid in whole or in part from contracts or grants, constituent institutions may limit the number of days of unused annual leave for which such employees may be paid upon leaving employment in the System. Any such limit shall be made a part of the employee's written employment contract.

IV. IMPLEMENTATION PROCEDURES

- A. Each Chief Executive Officer or his/her designee shall develop procedures as necessary to implement this policy and shall forward a copy to the Chancellor.

~~B. Beginning in Spring, 2002, and continuing for three years, the Chancellor shall report annually to the Board of Regents, through its Committee on Education Policy, on the total cost of approved compensation for denied annual leave to faculty and exempt staff in the USM, by institution and employee category.~~

~~C.B. An institution may adopt procedures for payment of all or part of the value of accrued annual leave to:~~

~~(1) a 12-month appointment faculty member who loses eligibility to accrue annual leave as a result of:~~

~~(a) changing to a 12-month appointment at less than .5 FTE, or~~

~~(b) changing to a 10-month or 9 1/2 month faculty appointment that is not eligible to accrue annual leave; or~~

~~(2) a full-time or part-time 12-month faculty member eligible to accrue annual leave who becomes eligible to earn and accrue annual leave at a reduced rate as a result of a reduction in level of effort under the faculty member's appointment.~~