The University of Wisconsin System

UPS OPERATIONAL POLICY: BN 1

SUBJECT: Vacation, Paid Leave Banks, and Vacation Cash Payouts

Original Issuance Date: July 1, 2015
Last Revision Date: July 1, 2015

1. POLICY PURPOSE:

The purpose of this policy is to establish guidelines for the administration of paid vacation for UW System employees. The policy covers eligibility, accrual, use, reporting, carryover, paid leave banks, annual vacation cash payouts and treatment of vacation balances upon movement or termination of employment.

2. POLICY BACKGROUND:

Vacation options for eligible faculty, academic staff, and limited appointees were created by Regent Resolution 6698 (adopted 06/19/1994), amended by Resolution 7802 (adopted 11/08/1998) amended by Resolution 8745 (adopted 10/10/2003); and University Personnel Guidelines #9: Unclassified Staff Paid Vacation, Holiday, and Catastrophic Leave implemented the Regent resolutions.

Vacation for classified employees (university staff as of July 1, 2015), was provided for in Wis. Stat. § 230.35, and Wis. Admin. Code § ER 18.02.

Effective July 1, 2015, vacation, paid leave banks, and vacation cash payouts for all UW System employees will be provided for by this policy.

3. POLICY DEFINITIONS:

Please see the Definitions Operational Policy for a list of general terms and definitions.

Definitions specific to this policy:

“Nonexempt Supervisor” means an employee identified as a “working supervisor” but who possesses sufficient responsibility and authority to be considered a supervisor within the meaning of Wis. Stat. § 111.81 (19). Such an employee is typically nonexempt only because he or she devotes more than 20 percent of work time to activities that are not directly and closely related to exempt work.
4. POLICY:

UW System employees who meet the eligibility requirements set forth in this policy are eligible for paid time off for vacations and other personal purposes.

A. Eligibility for Paid Vacation

(1) University Staff

All university staff, except those in a temporary appointment, are eligible for paid vacation.

Crafts workers will be provided vacation in accordance with provisions in this policy, except as indicated in UPS Operational Policy GEN 21: Crafts Workers.

(2) Faculty, Academic Staff, and Limited Appointees (annual basis appointments only)

All faculty, academic staff, and limited appointees are eligible for vacation if they are:

- In an annual-basis appointment; and
- Covered by the Wisconsin Retirement System (WRS), or
- If not covered by the WRS, expected to work at least 440 hours (21% for annual-basis appointment) for at least one year.

If not initially eligible to earn vacation, the employee can later become eligible through a change in expectations or meeting the above criteria during the immediately preceding 12-month period.

(3) Rehired Annuitants

A rehired annuitant for purposes of this policy is a UW System employee who is currently receiving a retirement or disability annuity from the Wisconsin Retirement System (WRS). See UPS Operational Policy GEN 10: Rehired Annuitants for additional information.

- A rehired WRS annuitant is eligible to earn vacation if the eligibility requirements provided for in this policy are met.
  - NOTE: Only time worked for a UW System institution after the employee’s WRS annuity effective date is included to meet the one-year duration requirement in Section 4.A.(2) of this policy.

- If not initially eligible to earn vacation, a rehired annuitant can later become eligible through a change in expectations or meeting the above criteria during the immediately preceding 12-month period.

- Vacation hours earned as a rehired annuitant are subject to the same provisions outlined in Section 4.F. of this policy relative to termination and movement to another appointment.
B. Vacation Accrual

(1) University Staff

(a) Vacation is granted upon hire, provided eligibility requirements are met, and again on January 1st of every year. Vacation granted during the year of hire is prorated based on the start date of the appointment, per the Accrual Bracket Factor Table in this policy.

Vacation accruals for university staff are based on years of continuous service, appointment percentage (defined as hours in pay status), and status under the Fair Labor Standards Act (FLSA); however, FLSA nonexempt supervisors, as defined in this policy, earn vacation at the same rate as FLSA exempt university staff.

<table>
<thead>
<tr>
<th>Full Years of Service</th>
<th>Full-Time University Staff – Nonexempt</th>
<th>Full-Time University Staff – Exempt and Nonexempt Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hours Earned Each Year</td>
<td>Hours Earned Each Year</td>
</tr>
<tr>
<td>During First 5 Years</td>
<td>104</td>
<td>120</td>
</tr>
<tr>
<td>5+ to 10 Years</td>
<td>144</td>
<td>160</td>
</tr>
<tr>
<td>10+ to 15 Years</td>
<td>160</td>
<td>176</td>
</tr>
<tr>
<td>15+ to 20 Years</td>
<td>184</td>
<td>200</td>
</tr>
<tr>
<td>20+ to 25 Years</td>
<td>200</td>
<td>216</td>
</tr>
<tr>
<td>25 Years &amp; Over</td>
<td>216</td>
<td>216</td>
</tr>
</tbody>
</table>

(b) If an employee has a less than full-time appointment or a full-time employee is not paid for 80 hours in a pay period, the employee will earn a prorated amount of vacation based on the number of hours in pay status.

(c) If an employee terminates during the year, the amount of vacation accrued through the last day of employment will be prorated per the Accrual Bracket Factor Table in this policy.

(d) If an employee becomes eligible for a new vacation accrual rate mid-year, the employee will earn vacation at the new rate per the Accrual Bracket Factor Table in this policy as of the employee’s anniversary date.

(e) Accrual Bracket Factor Table

The Accrual Bracket Factor is the factor that determines how many hours of vacation are earned based on the number of hours in pay status. It varies by the number of work days in a calendar year.
(2) **Faculty, Academic Staff and Limited Appointees**

(a) Vacation is granted upon hire, provided eligibility requirements are met, and again on July 1st of every year. Vacation granted during the year of hire is prorated based on the start date of the appointment.

(b) Full-time faculty, academic staff, and limited appointees in an annual-basis appointment earn 176 hours of vacation per fiscal year. Employees may not accrue more than 176 hours of vacation in a fiscal year.

(c) Employees who work less than full-time accrue vacation based on their percentage of appointment (as defined as hours in pay status).

(d) Faculty in an annual-basis appointment who are on an approved Faculty Sabbatical will continue to earn vacation at the same rate earned prior to the sabbatical date.

C. **Vacation Scheduling**

(1) The employing unit/supervisor shall try to accommodate the employee’s requests for vacation, subject to workload demands in the employing unit.

(2) Employees may use annual vacation allocation before it is earned; however, upon termination of employment, the University shall recover the value of vacation used, but not yet accrued. Each institution may limit the use of allocated vacation prior to accrual.

D. **Vacation Usage and Carryover**

(1) **University Staff**

(a) University staff may use vacation from the first day of employment (no waiting period before vacation can be used). Employees in their original probationary period are eligible to use vacation as of July 1, 2015.

(b) If vacation is not used within the calendar year it is earned, any remaining vacation may be carried over until December 31st of the following year. Any carried over vacation remaining at the end of the following calendar year (December 31), will be lost. An institution may further limit the amount of vacation that may be carried over.

(2) **Faculty, Academic Staff and Limited Appointees**

(a) Vacation may be used from the first day of employment (no waiting period before vacation can be used).

(b) If vacation is not used within the fiscal year it is earned, any remaining vacation may be carried over until the end of the following fiscal year. Any carried over vacation remaining at the end of the following fiscal year (June 30) will be lost. An institution may further limit the amount of vacation that may be carried over.
(3) **Catastrophic Leave**
Vacation donated through the Catastrophic Leave Program is not subject to the above carryover provisions. See UPS Operational Policy BN 5: Catastrophic Leave for details.

(4) **Military Leave**
Leave accrued while an employee is on an approved military leave is not subject to the above carryover provisions. See UPS Operational Policy BN 9: Military Leave for details.

**E. Banking Unused Vacation and Vacation Cash Payouts**

Employees who earn vacation are eligible to bank unused vacation once eligibility requirements, as outlined in this policy, are met. Once vacation is banked, the hours do not expire. Banked vacation can be used at any time (can be used in any circumstance where paid leave can be used) upon supervisor approval. There is a limit to how many hours may be banked per year, but there is no limit on the total hours in the employee’s banked leave account.

(1) **University Staff**

(a) The option to bank vacation hours and/or receive a vacation cash payout is offered in the fall of each year. If an employee’s anniversary date falls in the middle of the year, the employee is eligible to either bank and/or receive a cash payout, prorated for the calendar year. If an employee reaches a new vacation accrual rate during the calendar year, the amount of leave that can be banked is prorated. If the eligibility to bank leave is based on the accumulation of 520 hours of sick leave, there is no proration.

(b) An employee must make a decision to bank vacation on or before January 30th of the following calendar year.

The deadline to make a decision to receive a vacation cash payout will be determined on an annual basis by the UW System Office of Human Resources & Workforce Diversity. The deadline will be in December of each year and the exact date will be based on the calculation date of the final paycheck paid in the calendar year.

If an employee fails to meet the above deadlines, the vacation will be treated as though the options were not available.

Employees may elect to bank leave or receive a cash payout only within the annual election period.

If an employee chooses the cash payout option, the amount should be included in the last paycheck of the calendar year.

(c) **Bank Vacation into Paid Leave Bank (formerly classified sabbatical account)**

(i) Eligibility to bank unused vacation is based on years of continuous service, appointment percentage (defined as hours in pay status), and status under the Fair Labor Standards Act (FLSA). FLSA non-exempt supervisors, as defined in this policy, may bank vacation at the same rate as FLSA-exempt university staff.
(ii) Full-time employees are eligible to bank unused vacation (either vacation earned in the current calendar year or vacation carried over from prior calendar year) into a paid leave bank per the following schedule:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Full-Time University Staff – Nonexempt</th>
<th>Full-Time University Staff – Exempt and Nonexempt Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 5 Years</td>
<td>0 hours</td>
<td>0 hours</td>
</tr>
<tr>
<td>5+ to 10 Years</td>
<td>0 hours</td>
<td>40 hours</td>
</tr>
<tr>
<td>10+ to 15 Years</td>
<td>40 hours</td>
<td>40 hours</td>
</tr>
<tr>
<td>15+ to 20 Years</td>
<td>40 hours</td>
<td>80 hours</td>
</tr>
<tr>
<td>20+ to 25 Years</td>
<td>80 hours</td>
<td>120 hours</td>
</tr>
<tr>
<td>25+ Years</td>
<td>120 hours</td>
<td>120 hours</td>
</tr>
<tr>
<td>Earn &lt; 160 hrs of vacation &amp; have accrued at least 520 hrs of sick leave</td>
<td>40 hours</td>
<td>40 hours</td>
</tr>
</tbody>
</table>

(iii) If an employee works less than full-time during the calendar year, the amount of leave that can be banked is prorated. If the eligibility to bank leave is based on the accumulation of 520 hours of sick leave, there is no proration.

(iv) If an employee reaches a new vacation accrual rate during the calendar year, the amount of leave that can be banked is prorated. If the eligibility to bank leave is based on the accumulation of 520 hours of sick leave, there is no proration.

(d) Vacation Cash Payout

(i) Once an employee begins earning vacation at the 200 hour rate (or a prorated amount of 200 hours if part-time), the employee can receive up to 40 hours of the amount of leave that can be banked as a cash payout. For example, if the employee is eligible to bank 80 hours of vacation, the employee can receive 40 hours as a cash payout and put 40 hours into a Paid Leave Bank Account (sabbatical).

(ii) If the employee’s anniversary date that allows for a cash payout falls in the middle of the year or the employee is part-time, the number of hours that can be cash payout is prorated.

(2) Faculty, Academic Staff and Limited Appointees

(a) Bank Vacation into Paid Leave Bank [formerly Annual Leave Reserve Account (ALRA)]

(i) The option to bank vacation hours is offered in July following the fiscal year in which the employee qualifies. An eligible employee must make a decision to bank vacation by on or before November 30th following the end of the fiscal year in which the absence occurred. If an employee fails to meet this deadline, the vacation will be treated as though the option was not available.

Employees may not elect to bank leave after the deadline to make the election passes.
(ii) Eligibility to bank unused vacation is based on years of continuous service and appointment percentage (defined as hours in pay status).

(iii) Full-time employees are eligible to bank unused vacation (either vacation earned in the current fiscal year or vacation carried over from prior fiscal year) into a Paid Leave Bank (ALRA) account. Cash payouts are not permitted. Leave may be banked per the following schedule:

<table>
<thead>
<tr>
<th>Years of Continuous Service*</th>
<th>Hours that can be placed in leave bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 10 Years</td>
<td>0</td>
</tr>
<tr>
<td>10+ to 25 Years</td>
<td>40</td>
</tr>
<tr>
<td>25 Years &amp; Over</td>
<td>80</td>
</tr>
</tbody>
</table>

* Years of Continuous Service for Paid Leave Bank (ALRA) eligibility – includes time in a vacation-earning position with the State of Wisconsin and any time in a faculty, academic staff, or limited appointment eligible to earn sick leave. **For employees with a break in service:** years of continuous services must be adjusted for any breaks in service and employee must return within sick leave reinstatement period to count years prior to break in service.

(iv) In order to administer the program with limited proration, the employee is allowed to bank up to 40 hours of vacation at the start of the 11th fiscal year of employment, and is allowed to bank up to 80 hours of vacation at the start of the 26th fiscal year of employment.

F. Vacation Credits upon Retirement, Layoff, Termination, or Movement to Another Appointment

(1) At termination or retirement, employees are eligible to receive a lump sum payment of any remaining vacation and/or banked vacation hours. If the termination is not the result of layoff or termination for cause, the institution may allow the employee to extend their termination date beyond the last day worked by vacation and/or banked vacation hours. Upon institutional approval, the employee may also elect to use some leave to remain on payroll and receive the rest paid out as a lump sum per the calculation method in Section 4.F.(4), below.

To be eligible for a lump sum payment of vacation and/or banked vacation hours at termination, the employee must be expected to remain terminated from all UW System leave-eligible employment for at least 30 calendar days. If the leave is paid out and the employee later secures leave-eligible UW System employment within 30 days of termination, the leave payout is considered valid and the employee is not required to nor is eligible to repay UW System any of the leave previously paid out.

(2) The institution, after sufficient notice to the employee, may require an employee to use all accrued vacation and accumulated banked leave prior to retirement, layoff or termination without cause or forfeit any unused leave balance.
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(3) Employees who terminate employment during a probationary period are eligible to receive payment for any vacation credits earned during such period of service.

(4) If a lump sum payout of hours is made to the employee, the calculation of the value of the outstanding leave will be as follows:

(a) University staff – multiply the numbers of remaining hours by the employee’s hourly rate at the time of termination.

(b) Faculty, academic staff, and limited appointees – follow the rules set forth in Section III. J of Financial and Administrative Policy 29 using the employee’s salary at the time of termination.

(5) Overuse of Vacation

At termination, if an employee used vacation that was not yet earned, the employee is required to repay the institution the value of the overused leave. The calculation of the value of the leave is as follows:

(a) University staff – multiply the number of overused hours by the employee’s hourly rate at the time of termination.

(b) Faculty, academic staff, and limited appointees – follow the rules set forth in Section III.J of Financial and Administrative Policy 29 using the employee’s salary at the time of termination.

(6) Movement to New Appointment

(a) When an employee moves from one UW System institution to another, moves to a different appointment within the same UW institution or moves to a State of Wisconsin agency, any current vacation earned during the calendar or fiscal year shall transfer to the new leave-eligible appointment.

The new hiring authority will determine if vacation carried over from a prior year and/or banked leave hours will be transferred to the new appointment. Any leave not accepted by the hiring institution or agency shall be paid to the employee as a lump sum.

(b) If an employee moves to a UW System appointment that is ineligible for earning vacation any earned vacation, vacation carryover, and leave in a paid leave bank (ALRA/sabbatical) shall be paid out as a lump sum per the calculation method in Section 4.F.(4) of this policy).

Note: if an employee takes a leave of absence from a vacation-eligible appointment and temporarily moves to an appointment ineligible for earning vacation, accrued leave may be retained by the employee until the employee returns to the vacation-eligible appointment. Vacation and vacation carryover retained for the employee will be subject to the carryover provisions of this policy and will be lost if not used timely.

(c) If an employee is moving from a university staff project position within the UW System to a successive leave-eligible position within the UW System on or after July 1, 2015, all leave earned in the project position will transfer into any successive leave-eligible
appointment. See UPS Operational Policy HR 7: University Staff Temporary & Project Employees.

(d) If an employee is moving from a university staff appointment to a vacation-eligible faculty, academic staff or limited appointment, any vacation earned during that calendar year in the university staff appointment will be transferred to the current fiscal year’s vacation allocation in the new appointment. The employee will also be granted a prorated amount of vacation in the new appointment.

(i) The amount of vacation that transferred from the university staff appointment plus the new vacation allocation cannot exceed 176 hours. If it is greater than 176 hours, any remaining vacation hours will be moved to vacation carryover and must be used by the end of the fiscal year (June 30) that the leave transferred to the new appointment, or the hours will be lost.

(ii) The hiring authority determines if vacation carryover will be accepted. If the hiring authority accepts vacation carryover from the university staff appointment, it will be treated in the same manner as (i) above. It will first be credited to the current fiscal year’s vacation until the 176-hour limit is reached and any remaining carryover will be moved to vacation carryover and must be used by the end of the fiscal year (June 30) that the leave transferred to the new appointment, or the hours will be lost.

(iii) The number of hours in vacation carryover may not exceed 176. If the number of hours that need to be moved to vacation carryover is greater than 176 hours, any remaining vacation will be paid out to the employee, at the wage rate of the university staff appointment.

(e) If an employee is moving from a vacation-eligible faculty, academic staff or limited appointment to a vacation-eligible university staff appointment, any vacation earned during that fiscal year in the faculty, academic staff or limited appointment will be transferred to the current calendar year’s vacation allocation in the new appointment. The employee will also be granted a prorated amount of vacation in the new appointment.

(i) The amount of vacation that transfers from the faculty, academic staff or limited appointment plus the new vacation allocation cannot exceed the annual vacation allocation in the university staff appointment. If it is greater than the annual vacation allocation amount, any remaining vacation hours will be moved to vacation carryover and must be used by the end of the calendar year (December 31) that the leave transferred to the new appointment, or the hours will be lost.

(ii) The hiring authority determines if vacation carryover will be accepted. If the hiring authority accepts vacation carryover from the faculty, academic staff or limited appointment, it will be treated in the same manner as (i) above. It will first be credited to the current calendar year’s vacation until the annual vacation allocation is reached and any remaining carryover will be moved to vacation carryover and must be used by the end of the calendar year (December 31) that the leave transferred to the new appointment, or the hours will be lost.

(iii) The number of hours in vacation carryover may not exceed the annual vacation allocation. If the number of hours that need to be moved to vacation carryover is greater than the annual vacation allocation, any remaining vacation will be paid out
to the employee, at the wage rate of the faculty, academic staff or limited appointment.

G. Vacation Reporting

(1) Designated Work Week

(a) For the **purpose of leave reporting**, each full-time leave-eligible employee will designate a work week consisting of 40 hours. The work week will be prorated for a less than full-time appointment. For faculty, academic staff, and limited appointees, the work week will include all scheduled classes, office hours, and research, as well as other regular University meetings and professional activities.

(b) For purposes of this section, a normal work week is deemed to consist of 40 hours worked within a fixed and regularly recurring period of seven consecutive days. Hours worked per day may vary.

See UPS Operational Policy [GEN 2: Standard Office Hours, Legal Holidays and Other UW System Institution Closures](#) for information about standard office hours.

(2) Amount of Vacation to be Charged

(a) **University Staff Not Exempt from FLSA**

(i) Vacation leave is charged in 15-minute increments.

(b) **Faculty, Academic Staff and Limited Appointees and University Staff Exempt from FLSA**

(i) Vacation leave for full-time faculty, academic staff, and limited appointees and FLSA-exempt university staff is charged in half-day increments. Absences of one-quarter to three-quarters of a day should be charged as one half-day. Absences greater than three-quarters of a day should be charged as one day.

**Example:** Employee works 8-hour days and 5 days per week

<table>
<thead>
<tr>
<th>Hours Missed</th>
<th>Leave Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to &lt; 2 hours</td>
<td>0 hours</td>
</tr>
<tr>
<td>2 hours to 6 hours</td>
<td>4 hours</td>
</tr>
<tr>
<td>&gt; 6 hours</td>
<td>8 hours</td>
</tr>
</tbody>
</table>

(ii) Employees with less than full-time appointments should report actual hours absent.

H. Reporting and Recording Leave

(1) **Leave Reports**

The UW Service Center will provide each leave-eligible faculty, academic staff, and limited appointee with a report of his/her leave balances at least once each month. The UW Service Center will also provide this information to all university staff on a bi-weekly basis. This process should allow for review by the employee for accuracy of the record.
(2) **Submitting Time Worked and Leave Used - University Staff**

(a) All leave-eligible university staff are required to submit both time worked and leave taken on a bi-weekly basis either on a paper timesheet or electronically. Each institution will determine which leave reporting method is used.

(i) If a paper timesheet is submitted, the timesheet must be signed by the employee’s supervisor or designee.

(ii) If time worked and leave taken is reported electronically, the employee’s supervisor or designee must electronically approve both the time worked and leave taken.

(3) **Submitting Leave Used - Faculty, Academic Staff, and Limited Appointees**

(a) Each leave-eligible UW System faculty, academic staff, and limited appointee is required to submit a leave report on a monthly basis, whether or not leave is used. This report may be submitted either via paper leave report or electronically. Each institution will determine which leave reporting method is used.

(b) If the paper leave reporting method is used, the employee must complete, sign, and file a monthly leave report with his/her designated unit record keeper whether or not leave is used. The leave report must contain the written attestation “I certify that my leave report is accurate. I understand that misrepresentation can lead to disciplinary action.” The monthly leave report must also be signed by the employee’s department chair, director, supervisor, or designee.

(c) If the electronic leave reporting method is used, the employee must enter leave usage information for every generated report. If no leave is used, the employee must indicate that no leave was taken. Once leave is electronically submitted, the leave must be approved electronically by the employee’s department chair, director, supervisor, or designee.

(d) The designated signatory for the Chancellor’s monthly leave report is the Provost/Vice Chancellor (deputy) or the CBO/Vice Chancellor. The designated signatory for the System President’s monthly leave report is the Senior Vice President for Administrative and Fiscal Affairs.

(4) **Changing Leave Type Used after Reported**

If an employee initially reports one leave type for an absence, the employee may later request to use a different leave type for the absence. Sick leave shall only be used per the provisions outlined in UPS Operational Policy BN 3: Sick Leave. Each institution will determine what documentation is necessary to change the leave type once it is reported.

**University Staff** – all requests to change the leave type used must be received by the institution no later than January 30th of the year following the calendar year in which the absence occurred.
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Faculty, Academic Staff and Limited – all requests to change the leave type used must be received by the institution no later than November 30th following the end of the fiscal year in which the absence occurred.

All – changes to leave after the deadlines outlined in the policy may be permitted if the changes are associated with a Worker’s Compensation or disability claim.

(5) Records

The employee’s signed leave report must be retained for five years. Electronic submission of leave reports through HRS will be archived in the HRS Enterprise Performance Management (EPM) Data Warehouse for a minimum of five years.

5. RELATED DOCUMENTS:

Financial Administration Policy F29: Salary and Fringe Benefits Calculations for Unclassified Staff
UPS Operational Policy BN 2: Personal Holiday and Legal Holiday Administration
UPS Operational Policy BN 3: Sick Leave
UPS Operational Policy BN 5: Catastrophic Leave
UPS Operational Policy BN 9: Military Leave
UPS Operational Policy HR 7: University Staff Temporary & Project Employees
UPS Operational Policy GEN 2: Standard Office Hours, Legal Holidays and Other UW System Institution Closures

6. POLICY HISTORY:

University Personnel Guideline #9: Unclassified Staff Paid Vacation, Holiday, and Catastrophic Leave
Wis. Stat. § 230.35, State office hours; standard workweek; leaves of absence; holidays
Wis. Admin. Code § ER 18.02, Annual leave of absence
Wisconsin Human Resources Handbook Chapter 704, Annual Leave Options and Chapter 732, Transfer of Continuous Service and Accumulated Leave Credits upon Movement within State Service