To: Deans, Directors and Department Heads

From: Michael Williams, University Controller

Subject: Allocation of Employee Terminal Leave Costs

Employee terminal leave costs represent unused annual and sick leave that exists at the end of an employee’s service. Under the University’s policy, eligible employees are paid for all or part of their unused leave after their termination date.

Because of the burden this policy creates on a contract or grant when paying out C&G funded employees, effective January 9, 2009 Sponsored Research began charging contracts and grants a terminal leave rate of 0.8%. The 0.8% rate was developed by reviewing the past 3 years of contracts and grants termination leave payouts as a percentage of actual salaries. This rate will be reviewed annually and adjusted to reflect differences between the rate charged and the actual terminal leave payments. These funds are held in a terminal leave pool and will be used to cover contracts and grants terminal leave payouts. The Human Resources department will allocate an employee’s terminal leave costs in a prorated manner based on the employee’s last four years of funding. This benefits both the University and the employees by providing a more equitable method for paying out terminal leave that is not charged directly to a grant. It also creates a simpler process for administering budgets.

The changes to this process have no impact on personnel representatives within your area. Human Resources will be handling the process once the leave records have been forwarded to HR for terminating employees. The following is an example of the new process:

Example:

Jane Doe has the following:

- Terminal leave cost of $40K
- 30 years of University service
- Last 3 years of service working on a grant
- Prior to working on the grant was funded from an Auxiliary department

$30K of Jane Doe’s terminal leave cost is allocated to the Contracts and Grants Terminal Leave pool ($40K * (3yrs / 4yrs) = $30K). $10K of Jane Doe’s terminal leave cost is allocated to the Auxiliary department ($40K * (1yr / 4yrs) = $10K).

If you have questions pertaining to the change in the leave payout process, please contact Jena Roberts (jlroberts@admin.fsu.edu, or 644-6876) for faculty leave payouts or Chris Peterson (capeterson@admin.fsu.edu, or 645-2303) for A&P and USPS leave payouts.