Twice-a-Month Leave Accrual and Usage  
September 7, 2000

New Payroll System Records Leave and Overtime

In addition to the way pay is administered in state government, there will be changes to the way leave is earned and used under Twice-a-Month pay. As each agency is converted to Twice-a-Month pay, leave and overtime for the agency will be recorded and maintained in the new “SAM II” payroll system.

The changes to time and leave reporting are:

- Accrual Rates for Annual Leave and Sick Leave
- Exception Paid and Positive Paid Employees
- Reporting of Leave and Hours of Work
- Standard Hours
- Prorating of Leave Accrual
- Timing of Leave Accrual
- Maximum Accrual for Annual Leave
- Overtime Processing
- Compensatory Time for Holidays
- “Code 0” - Top Level Supervisory, Management and Administrative Staff
- “Code 1” - Other Supervisory, Technical and Related Staff Positions
- “Code 2” – Employees Other Than “Code 0” or “Code 1”
- Use or Payment of Compensatory Time

The Rules of the Personnel Advisory Board (1CSR 20-5.020) are being modified to accommodate changes in the Accrual Rates for Annual Leave and Sick Leave, Prorating of Leave Accrual and Maximum Accrual for Annual Leave.

*It is important for each employee to be aware that, for time worked and leave used to be recorded accurately in this system, this information must be reported by employees in a much more timely manner than it has been in the past. It is each supervisor’s responsibility to assure that the timely collection and reporting of this information occurs.*
**Accrual Rates for Annual Leave and Sick Leave**
In the new payroll system, beginning with the conversion date for each agency, Annual Leave and Sick Leave will be added to the employee’s leave balance Twice-a-Month, instead of just once a month. The current accrual rates for annual leave and sick leave will be divided in half to accommodate processing under Twice-a-Month pay.

**Annual Leave Accrual Rates Under Twice-a-Month Pay**

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Current Monthly Accrual Rate</th>
<th>New Twice-a-Month Accrual Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 through 10</td>
<td>10 Hours</td>
<td>5 Hours</td>
</tr>
<tr>
<td>11 through 15</td>
<td>12 Hours</td>
<td>6 Hours</td>
</tr>
<tr>
<td>Greater than 15</td>
<td>14 Hours</td>
<td>7 Hours</td>
</tr>
</tbody>
</table>

The Sick Leave Accrual Rate under Twice a Month Pay will change from 10 hours per month to 5 hours per Twice-a-Month Pay Period.

Also, *leave balances will be maintained in hours and minutes*, instead of hours. For example, *4 hours and 30 minutes* will be recorded in the system instead of 4.50 hours.

**Exception Paid and Positive Paid Employees**
In the SAM II system, an “Exception Paid” employee is established in the system with a “Twice-a-Month” pay rate and is paid that rate each pay period, even though the number of hours actually worked in the pay period will vary due to the fluctuating number of work days in the pay period. Only “exceptions” to the regular work schedule, such as leave taken, are recorded for exception paid employees.

A “Positive Paid” employee is established in the system with an hourly rate of pay. Hours of work and hours of paid leave used must be entered each pay period for these employees to be paid. For the most part, positive paid employees are part-time employees, though some full-time employees may be positive paid.

**Reporting of Leave and Hours of Work**
For exception paid employees, leave usage, and additional hours worked for the compensatory time calculation, will be reported by recording the date, reason, and number of hours and minutes for each specific occurrence in the SAM II system.

In addition, for positive paid employees, the reporting of all hours of work and paid leave used will be necessary for the calculation of the employee’s pay. The total hours in pay status, times the hourly rate for the employee will determine the employee’s gross pay amount for the pay period.
**Standard Hours**
Under Twice-a-Month pay, some pay periods will have 10 days (80 hours), some will have 11 days (88 hours) and some will have 12 days (96 hours). To maintain a standard Twice-a-Month pay rate for exception paid employees in SAM II, a standard number of hours per pay period is being used. The standard number of hours for a full-time employee is 86.667 hours (86 hours and 40 minutes) per pay period. The system will assume that an exception paid employee works 86 hours and 40 minutes each pay period. If an exception paid employee is in a leave without pay situation during a pay period, the number of hours of leave without pay are subtracted from the standard hours (86.667) to determine the hours for which the employee is to be paid and the employee’s hours of leave accrual for the pay period. For a positive paid employee the hours in pay status each pay period will determine the employee’s leave accrual for the pay period.

**Prorating of Leave Accrual**
An employee must be in pay status for a minimum of 40 hours to receive prorated leave accrual. If an employee is in pay status for eighty hours in a pay period the employee will receive full leave accrual for the pay period. Hours in pay status between 40 and 80 will be prorated according to the following formula:

\[
\text{Number of hours in pay status} \div 80; \\
\text{Times the employee’s leave accrual rate per pay period; \\
\text{Equals the leave accrual amount for the pay period (not to exceed the employee’s leave accrual rate for the pay period).}
\]

**Exception Pay Example:**
For an exception paid employee the hours in pay status are calculated by subtracting hours of leave without pay for the pay period from 86.667, the standard hours for the pay period.

<table>
<thead>
<tr>
<th>Standard hours (1.0 FTE)</th>
<th>86.667 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Leave Without Pay</td>
<td>16.000 hours</td>
</tr>
<tr>
<td>Hours in Pay Status</td>
<td>70.667 hours</td>
</tr>
<tr>
<td>Calculation</td>
<td>70.667 ÷ 80 = .88334</td>
</tr>
<tr>
<td></td>
<td>.88334 x 5 hours = 4.4176 hours</td>
</tr>
<tr>
<td>Prorated Leave Accrual</td>
<td>4.4167 hours = 4 hours and 25 minutes</td>
</tr>
</tbody>
</table>

**Positive Pay Example:**
For a positive paid employee the hours in pay status are calculated by adding up the hours worked and hours of paid leave taken for the pay period.

<table>
<thead>
<tr>
<th>Hours Worked</th>
<th>48 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: Leave With Pay</td>
<td>16 hours</td>
</tr>
<tr>
<td>Hours in Pay Status</td>
<td>64 hours</td>
</tr>
<tr>
<td>Calculation</td>
<td>64 ÷ 80 = .80</td>
</tr>
<tr>
<td></td>
<td>.80 x 5 hours = 4.00 hours</td>
</tr>
<tr>
<td>Prorated Leave Accrual</td>
<td>4.00 hours = 4 hours and 00 minutes</td>
</tr>
</tbody>
</table>
Leave will continue to be used in 15 minute increments. Leave may be used in less than 15 minute increments when the leave is used to pay for part of a longer absence period and either exhausts that particular leave balance or is combined with a portion of another leave balance.

**Timing of Leave Accrual**

It is also important to understand when annual leave and sick leave will be credited to the employee’s leave balance each pay period. Annual leave and sick leave will not be anticipated. Leave must be earned before it is taken.

For example, if an employee with a zero annual leave balance takes 4 hours of annual leave within the pay period for the 1st through the 15th, expecting the accrual at the end of the pay period to provide the hours necessary to cover the absence, the annual leave accrual will not be available for use within that pay period. As a result, the employee would be in leave without pay status for 4 hours for the 1st through the 15th, and the employee’s pay would be reduced accordingly. In this case the leave was used during the pay period in which it was earned. This will not be an issue for most employees, but only for those who do not maintain a sufficient leave balance to cover the absence, or for new employees.

An employee who earns annual leave for the pay period of the 1st through the 15th, then uses 4 hours of annual leave on the 16th, will have the leave balance available to cover the absence. In this case the leave was used after the pay period in which it was earned.

**Maximum Accrual for Annual Leave**

The maximum amount of annual leave that is possible to be earned is the employee’s Twice-a-Month leave accrual rate (5, 6, or 7 hours) times 48. Effective November 1, 2000, the annual leave maximum will be monitored on an annual basis, rather than on a monthly basis. On October 31st of each year the leave balances of employees that exceed the maximum will be reduced to the annual leave maximum. The reduced annual leave balance would appear on the employee’s November 15th check stub for the pay period ending October 31st.

<table>
<thead>
<tr>
<th>Annual Leave Accrual per Pay Period</th>
<th>Annual Leave Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Hours</td>
<td>240 Hours</td>
</tr>
<tr>
<td>6 Hours</td>
<td>288 Hours</td>
</tr>
<tr>
<td>7 Hours</td>
<td>336 Hours</td>
</tr>
</tbody>
</table>

In the event an employee resigns with a leave balance greater than the maximum, the most that will be paid is the annual leave maximum.
Overtime Processing
Overtime will be calculated and maintained in the system as a compensatory time balance. The SAM II System will maintain three compensatory time balances for employees:
- Compensatory Time for Holidays
- Compensatory Time for Non-Federal (State) Overtime
- Compensatory Time for Federal Overtime

Compensatory Time for Holidays
For exception paid employees, holidays will be paid along with the other work days in that work week. The pay will be generated based on the Full-Time Equivalent (FTE) associated with the employee. For employees who work on a holiday, or if a holiday falls on an employee’s regularly scheduled day off, the time worked or scheduled will be added to the employee’s holiday compensatory time balance.

For positive paid employees, the compensatory time earned for a holiday will be based on the number of hours an employee is in pay status within the pay period, according to the following schedule.

<table>
<thead>
<tr>
<th>Hours in Pay Status</th>
<th>Holiday Leave Accrual</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 - 59</td>
<td>4 hours</td>
</tr>
<tr>
<td>60 - 79</td>
<td>6 hours</td>
</tr>
<tr>
<td>80+</td>
<td>8 hours</td>
</tr>
</tbody>
</table>

Under the Rules and Regulations of the Personnel Advisory Board there are three “categories” of employees for determining overtime compensation:

“Code 0” - Top Level Supervisory, Managerial and Administrative Staff
These employees do not generally receive overtime except in unusual circumstances determined by appointing authorities. When authorized, the employee is compensated for each hour by an equal amount of compensatory time off. Compensatory time earned by Code 0 employees would be recorded in either the holiday comp time balance or the non-federal comp time balance.

“Code 1” - Other Supervisory, Technical and Related Staff Positions
For employees in this category, authorized work assignments which cause the employee to exceed (40) hours in pay status during a work week are compensated for each hour by an equal amount of compensatory time off. Compensatory time earned by Code 1 employees would be recorded in either the holiday comp time balance or the non-federal comp time balance.
“Code 2” - Employees Other Than “Code 0” or “Code 1”
These employees are compensated by an equal amount of compensatory time off, for assignments which cause an employee to exceed 40 hours in pay status during a workweek. An employee shall receive an additional one-half (1/2) time compensation for any hours of work which exceed 40 hours actually worked within the workweek. Annual leave, sick leave, holidays and other absences with or without pay are not considered hours of work for determining compensation at the premium time and one-half rate. The special processing of overtime allowed for nurses, law enforcement officers and correctional officers will be accommodated provided the work period, schedules and overtime standards are consistent with applicable regulations. Compensatory time earned by Code 2 employees would be recorded in either the holiday comp time balance, the non-federal comp time balance or the federal compensatory time balance.

Use or Payment of Compensatory Time
Compensatory time will be available for use by an employee during the pay period after the compensatory time was earned and added to the employee’s compensatory time balance in the SAM II system. Agency policies may provide for the payment of compensatory time after it has been posted to the employee’s compensatory time balance.

Questions About the New Payroll System and Twice-a-Month Pay
Please direct questions concerning the new payroll system and Twice-a-Month pay to your agency Personnel Office.