



# COLLEGE of CENTRAL FLORIDA

## POLICY MANUAL

<b>Title:</b> TERMINAL PAY	<b>Number:</b> 6.15	<b>Page:</b> 1 of 6
	<b>See Procedures:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Legal Authority:</b> Florida Statutes, 110.122, 1001.64, 1001.02, 1012.865	<b>Board Adoption/Revision Dates:</b> 9/3/80, 8/10/83, 9/12/86, 6/10/87, 10/19/88, 7/18/90, 3/18/98, 6/16/99, 5/28/02, 10/22/01, 10/25/05, 2/28/06, 6/26/07, 1/22/08, 6/17/08, 8/25/09	

Terminal pay for unused sick leave accumulated at or transferred to the College of Central Florida and unused annual leave accumulated at the College of Central Florida will be paid to a full-time employee who terminates his or her employment at the College or to his or her beneficiary if service is terminated by death according to the following provisions. In lieu of payment at the time of termination, employees electing to participate in the Deferred Retirement Option Plan (DROP) may elect to be paid for unused vacation leave in accordance with this policy effective the DROP begin date. Employees electing to participate in DROP or who pre-file dated resignations may elect to be paid for unused sick leave in accordance with Board approved “special pay” plans.

Every employee who elects to participate in DROP, and who is eligible to receive a terminal payment for unused annual leave earned according to College policy, may choose to receive the lump sum terminal payment at either the beginning or the end of the DROP period. If the employee elects to take the leave payment at the beginning of DROP, the payment amount for up to forty-four (44) days (or up to sixty (60) days for executive managers) of leave will be reported as compensation earned in that fiscal year and may be used in the calculation of his/her retirement benefit. In this case, the lump sum payment is based on the hourly wage of the employee at the time he/she retires and begins DROP. If the employee elects instead to wait and receive a lump sum leave payment when terminating employment at the end of DROP, the terminal leave payment will be based on the hourly wage of the employee at termination of employment (which may be higher), but the payment does not affect the employee’s benefit (which was determined and fixed by law when he/she elected to retire and begin DROP).

An employee who elects to receive the terminal annual leave payment at the beginning of DROP may be eligible to also receive a second lump sum leave payment upon termination of DROP. For such a second payment to be made, the employee must have additional annual leave which, when combined with the leave represented by the original payment, does not exceed any applicable limit on payment of terminal leave as established by law or by College policy.

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## 1) Definitions

- a) Daily Rate is defined as the annual salary for the position last held by the employee divided by the number of days the employee is scheduled to work inclusive of any "paid holidays" included in the College's calendar.
  - i) The daily rate for 12-month employees is determined by dividing the annual salary by 260 days.
  - ii) The daily rate for 11-month employees is determined by dividing the annual salary by 220 days.
  - iii) The daily rate for 10-month employees is determined by dividing the annual salary by 200 days.
  - iv) The daily rate for full-time faculty is determined by dividing the annual salary by 168 days.
- b) Annual salary is the base salary for the employee plus added responsibility supplements (exclusive of overtime or overload pay).
- c) Executive managers shall be those administrators who have senior management status.

## 2) Eligibility

- a) Eligible employees: Employees on the active payroll of the College who are eligible to receive sick leave, who have 10 or more years of full-time employment at CF and who retire, voluntarily terminate their employment, or die are eligible for terminal pay. In the event that an employee's required DROP date causes him/her to miss the 10 years of service requirement by 20 work days or less, the President is authorized to make an exception to the 10-year service rule.
  - b) Ineligible employees: Employees whose employment is terminated under the following conditions shall forfeit all entitlements to terminal pay:
    - i) Employees who abandon their jobs without just cause attributable to the College. This condition shall include employees who voluntarily resign from employment without giving advance notice of intent to resign. Advance notice is defined as 20 working days for instructional personnel and administrators and 10 working days for career service and professional employees.
    - ii) Employees who are dismissed or whose employment is terminated for misconduct or other just cause as defined in statute, state rule or Board policy.
- 3) Provided employees meet the eligibility requirements of section 2 (a) of this policy, terminal sick leave pay for Faculty, Career Service, Professional and Administrative employees, excluding leave days accrued by employees in executive management positions (pay class 510) after June 30, 2001.

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a) Compensation

i) Eligible employees shall be compensated for unused sick leave as follows:

- (1) Employees hired prior to July 1, 1998, shall be compensated for unused accrued sick leave in an amount equal to their daily rate of pay times one-half the number of sick leave days accumulated.
- (2) Employees hired on or after July 1, 1998, will be compensated for unused accrued sick leave in an amount equal to their daily rate of pay times one-half the number of accumulated sick leave days with the total terminal pay for accrued sick leave not to exceed an amount equal to 60 times the daily rate of pay.

ii) In the event of the death of an eligible employee, their designated beneficiary, estate, or other beneficiary as authorized by law, shall be paid the employee's entitlement for terminal pay.

b) Limitations: Only those unused accrued sick leave days earned or officially credited to the employee's sick leave account while employed with the College shall qualify for calculating the terminal pay benefit. The College shall not be liable for sick leave days transferred from another institution but not yet credited to the employee's sick leave account.

c) The payment for unused accrued sick leave must be made not later than the final day of the College's budget year that employment is terminated, or the final day of any grant-funded program, special project or contract for personal services.

For eligible employees who retire or resign from the College, a lump sum payment more than \$2,000 for combined unused sick leave and accrued vacation leave will be made in the form of a contribution to a tax-sheltered plan in accordance with contracts approved by the District Board of Trustees.

For all other eligible employees, a lump sum payment \$2,000 or less for combined unused accrued sick leave and accrued vacation leave will be made to the employee.

4) Terminal vacation leave pay for employees employed on a 12-month basis;

a) Terminal leave pay is computed by multiplying the daily rate of pay by the number of accrued and unused vacation days, not to exceed forty-four (44) days pay, except for employees classified as executive management who may be paid up to sixty (60) days.

b) Concurrent with termination of employment, an eligible employee shall be given the option to either use his or her unused vacation leave prior to the effective date of termination, receive a settlement for unused vacation leave according to this policy and Board approved "special pay plans", or arrange a combination of these two options.

i) Any request to use vacation leave in conjunction with termination of employment must be coordinated with the immediate supervisor, division chair or director, dean and/or vice president and approved by the President or the President's designee prior to the beginning date of such leave of absence.

ii) Such leave shall not extend beyond June 30 of the current College budget year when it would be necessary to reappoint the employee merely to permit him or her to continue in an authorized leave status.

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iii) Such leave shall not extend beyond the closing date of any grant-funded program, special project, or contract for personal services.

- c) The payment for unused accrued vacation leave must be made not later than the final day of the College's budget year that employment is terminated, or the final day of any grant-funded program, special project or contract for personal services.

For eligible employees who retire or resign from the College, a lump sum payment more than \$2,000 for combined unused vacation leave and accrued sick leave will be made in the form of a contribution to a tax-sheltered plan in accordance with contracts approved by the District Board of Trustees.

For all other eligible employees, a lump sum payment \$2,000 or less for combined unused accrued vacation leave and accrued sick leave will be made to the employee.

- d) In the event of the death of an employee, the employee's designated beneficiary, estate or other beneficiary provided by law shall be paid an amount equal to the employee's normal daily (or hourly) rate of pay times the number of days (or hours) of unused accumulated vacation leave, but in no event shall such payment exceed an amount equal to forty-four (44) days normal pay except for executive managers who may receive payment for up to sixty (60) days of accrued annual leave.
- e) Twelve-month employees, appointed to a position of less than twelve (12) months under which vacation leave is not granted, will be paid for unused vacation leave earned while in the twelve (12) month position in accordance with this policy and not to exceed forty-four (44) days pay or sixty (60) days in the case of executive managers. Payment of unused leave for employees appointed to positions of less than twelve (12) months may be made in the fiscal year following the end of the twelve (12) month appointment with approval by the President or a designee.

5) Terminal pay for sick leave accrued by employees in executive management positions (pay class 510);

- a) For employees hired before July 1, 1995, terminal pay for sick leave accrued before July 1, 2001, shall be made in an amount equal to their daily rate of pay times one-half (1/2) the number of sick leave days accumulated prior to July 1, 2001.
- b) For employees hired on or after July 1, 1995, terminal pay may not exceed an amount equal to one-fourth (1/4) of the employee's unused sick leave or 60 days of the employee's pay, whichever is less.
- c) For sick leave accrued on or after July 1, 2001, terminal pay may not exceed an amount equal to one-fourth (1/4) of the employee's unused sick leave or 60 days of the employee's pay, whichever amount is less.
- d) If the employee has an accumulated sick leave balance of 60 days or more on June 30, 2001, sick leave earned after that date may not be accumulated for terminal pay purposes until the accumulated leave balance as of June 30, 2001, is less than 60 days.

6) Terminal pay provisions for all employees;

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- a) For purposes of calculating terminal pay, a year of service will be credited when the employee serves one day more than one-half (1/2) of the number of days in the contract year/fiscal year or equivalent.
- b) Employees filling grant-funded or special project positions are subject to the following conditions:
  - i) Employees filling grant-funded positions hired on or before June 30, 2002, will be paid terminal benefits as provided in the employee's employment contract, provisions of the grant or contract, and in accordance with other provisions of this policy.
  - ii) Employees filling grant-funded positions hired on or after July 1, 2002, will not be paid terminal pay benefits unless the grant includes funding for this purpose and the terminal pay is approved by the President or a designee.
- c) If an employee receives terminal pay benefits based on unused sick leave, the unused sick leave credit will become invalid; however, if an employee terminates employment without receiving terminal pay benefits and is reemployed by the College, the employee's unused sick leave credit will be reinstated.
- d) Effective on the approval of this policy, terminal vacation and sick leave payments made to eligible participants in the College's "special pay plan" are required to be contributed to the 401(a) plan to the maximum extent permitted by Federal tax laws and the College's approved plan. Terminal pay calculations are based on the employee's leave balances and salary in effect on the date of the mandatory payments. These mandatory payments include:
  - i) Payments made to DROP participants the day prior to the DROP begin date and/or on the date of separation.
  - ii) Payments made to employees pre-filing dated resignations for the purpose of participating in the College's special pay plan.
  - iii) Payments made to all other eligible participants on the date of separation.
  - iv) Contributions to the special pay plan are limited by the requirement that a minimum balance of 30 days of sick leave must be retained in an employee's account.
  - v) Contributions to the special pay plan for eligible participants will be made each December 31.

After the maximum contributions have been paid to the 401(a) plan for the plan year, remaining sick leave and vacation leave balances will be carried over for payment in a subsequent plan year, unless the employee separates from the College. If the employee does separate from the College, the payment for remaining sick leave and vacation leave balances not eligible for contribution to the 401(a) plan under Federal tax law will be made directly to the employee subject to FICA and federal income taxes.

- 7) Pay in lieu of notice. When the President determines it is in the best interest of the College to terminate an employee, the President may authorize prepayment of salary in lieu of notice and may also authorize payment of terminal pay as defined in this policy. The pay in lieu of notice will be considered "regular" pay for the employee. Terminal pay will be disbursed in accordance with other provisions of this policy.

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- 8) Employees must complete all required documents and complete out-processing prior to receiving terminal pay or prior to distribution of contributions to the 401(a) plan.
- 9) Release of Liability. The acceptance of terminal pay for unused accrued leave or other purposes as defined in this policy shall release the College of all subsequent liability for such employment benefits.