

Human Resources - Internal Procedures and Guidelines

100.00

Subject: Payroll Term Payouts

Process: Determining Labor Distribution for Term Leave Payouts.

Revised: 02-16-2009

Effective: Currently in practice

Review: As needed or required

Responsible Party: Human Resources Payroll/Benefits Officers and Technicians

Introduction and Purpose: Upon termination employees receive payout of their eligible annual leave at the current rate of pay and eligible sick leave at .25 x rate of pay. Compensatory time will also be paid out upon termination. Term benefits are paid from combinations of several different sources including the Sponsored Program Term pool, Agency benefit pools, departmental and designated funds.

The procedures described below are used by Human Resources to determine the labor distribution for sick and annual leave payouts and the employer portion of TRS option 1 retirement benefits. Comp time is to be paid by the employing department at time of termination or transfer to another MSU department or agency. If a current MSU employee transfers to another MSU department or agency within 5 business days the employing department or agency assumes the leave liability of that employee. It is beyond the scope of Human Resources to determine the budgetary constraints of the employing department or to negotiate funding issues between departments.

Procedures: In order for an eligible employee to receive payment of term benefits the department must follow the *Separation/Terminating Checklist Procedures* available online at <http://www.montana.edu/hr/Payroll/TerminationChecklist.doc> . Upon receipt of a properly completed Electronic Personnel Action Form the Payroll technician will use the *Termination Benefits Pay-out Worksheet* to determine the leave balances to be paid out. The technician will note the appropriate labor distribution for each payout using the Payroll Desk Manual *Crosswalk Instructions* for payouts. Annual and Sick Leave will be paid out using the most recent funding with the exception of Sponsored Program funding and designated funds which will be prorated using the previous five years labor distribution. With the exception of Sponsored Program Term Pool and designated funds leave payouts will follow the most recent labor distributions.

To insure the appropriate use of State funds, larger payouts of \$10,000.00 or more may be scrutinized at a higher level.

Internal Control Considerations: Human Resources may deny a request for payroll correction on any term payouts not accompanied by appropriated documentation, justification and authorized signatures.

100.01 Reference

- Section 1010.00 – 1015.00, Benefits and Leaves, *Montana State University Personnel Policy and Procedures Manual*