

PROPOSED LANGUAGE FOR POLICY AND RELATED PROCESS REGARDING PAID VACATION LEAVE FOR EMPLOYEES AND REPORTING ANNUAL LEAVE LIABILITY

ACCCA BOARD OF DIRECTORS: FIRST READ: MARCH 16, 2018; ACTION ON PROPOSED POLICY AND PROCESS: JUNE 15, 2018

APPLICABLE TO ASSOCIATION OPERATIONS PROCESS AND PROCEDURES:

CHAPTER TWO: HUMAN RESOURCE MANAGEMENT GUIDELINES: SECTION 2.2: EMPLOYEE GUIDELINES--VACATION LEAVE AND ANNUAL LEAVE LIABILITY AND

CHAPTER FIVE: FINANCIAL PLANNING AND OVERSIGHT: SECTION 5.2: FINANCIAL REPORTING AND RECORD KEEPING

FACTORS TO CONSIDER:

Heretofore, no policy has existed to control annual leave accrual [paid vacation]. The example, below shows the total liability for paid leave at 7/1/2017.

EMPLOYEE	@ 7/1	+17/18	TOTAL	x DAILY RATE	=LIABILITY
S. Bray	41.0	24 days	65.0	\$ 403.84	\$ 26,250
C. Mikami	24.5	15 days	39.5	\$ 223.87	\$ 8,843
P. Marcotte	12.5	10 days	22.5	\$ 216.17	\$ 4,864
C. Clark	4.0	10 days	14.0	\$ 216.17	\$ 3,026
				TOTAL LIABILITY:	\$ 42,983

In 2018-19, two employees now earning 10 days of paid leave will pass their 6th year mark and begin earning 15 days of paid leave per year in addition to the accrued paid leave of one new employee thereby adding to a growing end of year liability.

It is the recommendation of the Policy and Procedures Committee that the policy indicated below be approved to commence with the start of the 2018-19 operating year.

Further, given that no policy was previously in place, we recommend that staff and the Executive Director be compensated for any unused leave beyond the limits indicated in the proposed policy as of 6/30/2018. Such compensation shall be paid out at the discretion of the Finance Committee, and as the budget and ACCCA's cash flow will allow.

Further, any unused leave beyond the limits indicated in the proposed policy that is still on the books at the conclusion of the 2018-19 operating year [at 6/30/19], and all subsequent years, **shall not** be compensated, but would be lost if not taken as vacation time by the employee.

Proposed Paid Leave Policy

The Association will provide paid vacation [annual leave] to all full time employees of the Association according to the following schedule:

- 1-5 years of FT employment: Ten (10) days of paid leave [vacation] annually
- 6-10 years of FT employment: Fifteen (15) days of paid leave [vacation] annually
- 11-20 years of FT employment: Twenty (20) days of paid leave [vacation] annually
- 20+ years of FT employment: Twenty-Four (24) days of paid leave [vacation] annually

In the final month of each fiscal year [June] ACCCA shall budget for and accrue the value of the annual leave liability due to each employee. This liability shall be reported on each annual financial statement of the Association.

Employees may accrue no more than 30 days of unused vacation with the exception of the Executive Director who may accrue up to 40 days of unused vacation.

Reinstatement of Benefits

It is the policy of the Association that prior employees who have terminated their employment and return to work for the Association at a later date will be considered as a new employee with regard to employment-related benefits such as vacation accrual.

This policy, if approved by the Board will go into effect on July 1, 2018.

Paid Leave Accrual Process

Discussion/Background:

The above leave policies were agreed to in concept with minor adjustments at the 3/16/18 meeting of the ACCCA Board. However, previously paid leave was provided and accrued annually—a process that the Board disagreed with. The Board directed that processes be adjusted to allow for the month-to-month accrual of paid leave and the Policy & Procedures Committee (PPC) was tasked with establishing new processes to replace the existing practice.

Current practice is that at the start of each operating year [on July 1] the Executive Director will annually provide the total number of paid leave days for the year in accordance with the existing schedule which is added to any accrued paid leave the employee is allowed to carry over. On a monthly basis, used paid leave is deducted from the total throughout the year.

The Board has directed that this process instead be a monthly practice of adding the pro-rata share of the total annual paid leave days to the accrued number of days and deducting any days used within that month. The process is articulated below:

PROCESS LANGUAGE:

Beginning on July 31, 2018, and as of the last day of each month thereafter, the Executive Director will review the authorized sick leave and paid leave days taken during that month by each employee. The Executive Director's leave usage will be reviewed by the Administrative Supervisor. Each will verify that the leave was requested or excused appropriately. All verified used paid leave or used sick leave will be

deducted from the accrued total for each and documented on the employee's annual leave accrual form [insert sample of form].

Once used leave is deducted, the monthly prorated portion of total annual paid leave is then added to the employee's accrued total and carried forward into the next month. Should that accrued total exceed the cap allowed for paid leave for the employee [30 days for employees and 40 days for the Executive Director], those days in excess of the cap will be lost. Following are the monthly prorated allocations according to years of employment:

- 1-5 years of FT employment: 0.83 days per month [10 days annually]
- 6-10 years of FT employment: 1.25 days per month [15 days annually]
- 11-20 years of FT employment: 1.66 days per month [20 days annually]
- 20+ years of FT employment: 2.00 days per month [24 days annually]

Strategy for Implementing the Policy:

Given that no policy was previously in place to cap the accrual of paid leave, staff and the Executive Director shall be compensated on a one-time basis for any unused paid leave beyond the limits indicated in the proposed policy as of 6/30/2018. Such compensation shall be paid out at the discretion of the Finance Committee, and as the budget and ACCCA's cash flow will allow.

Beginning on July 31, 2018, and until such time as the above policy may be amended by the Board, each employee shall be allocated the monthly pro-rated share of their annual paid leave days after any used days as verified by the employee's supervisor are deducted from their accrued total.

On June 30 of each successive year, the total liability of employee paid leave shall be calculated and included in the annual financial compilation of the Association.