

Vacation Leave Assessment Process

Summary

- In order to avoid a “last man standing” problem when employees take vacation, the campus maintains a pool of funds to help cover the future cost of vacation leave using a Vacation Leave Assessment (VLA).
- Campus funds are assessed monthly to reflect the liability incurred by the University for employees who earned vacation. Assessed revenues are “pooled” in the vacation leave reserve account. When vacation is taken or paid, the departmental account receives a credit and the campus vacation leave reserve account is debited.
- By policy, UCSF funds only current fiscal year needs for vacation leave taken and a modest reserve balance; the total leave liability is not fully funded.
- The goal of the VLA analysis process is to avoid a large reserve account surplus or deficit. The campus targets a vacation leave reserve balance of \$2.5 million.
- The assessment methodology incorporates individual employee vacation leave earned, composite benefits rates, and a campuswide vacation leave utilization factor.

Vacation Leave Assessment Formula

- The amount assessed for each employees is based on gross salary, benefits eligibility, vacation leave earnings rates, actual accrual of leave, and a vacation leave utilization adjustment.

Gross Pay	*	(1+Benefits Rate)	*	Leave Earnings Rate	*	Accrual Factor	*	Utilization Rate
Sum of gross pay across eligible DOS codes during the period		Composite benefits rate for employee group based on eligibility for FICA and UCRP		Leave earned per hour on pay status based on years of service		Proportion of leave earned during the period not lost as a result of exceeding maximum leave accrual		Ratio of cost of leave actually taken during the period to the cost of leave accrued during the period
Employee		Employee Group		Employee		Employee		Campuswide

- **Gross Pay** excludes DOS codes not eligible for vacation leave accrual as well as catastrophic leave donations.
- **Benefits Rates** are composite rates for four employee groups based on eligibility for FICA and UCRP. 98% of campus employees belong to the “Benefits with UCRP and FICA” group.

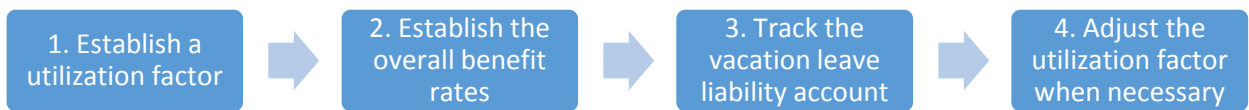
Employee Group	2016-17 Rate
Benefits with without UCRP or FICA	12.7%
Benefits with UCRP but without FICA	18.6%
Benefits with UCRP but without FICA-Safety	32.9%
Benefits with both UCRP and FICA	32.6%

- The **Leave Earnings Rate** is based on the individual employee’s years of service (employees with more years of service earn more vacation leave.)
- The **Accrual Factor** adjust the employee’s estimated leave earned by the amount of vacation leave lost due to the employee exceeding the maximum allowable vacation leave accrual, also based on years of service.

Years of Service	Hours of Leave Earned per Hour Worked	Maximum Vacation Leave Accrual
Less than 10 years	0.057692	240 hours
Greater than 10 but less than 15 years	0.069231	288 hours
Greater than 15 but less than 20 years	0.080769	336 hours
20 or more years of service	0.092308	384 hours

- The campuswide **Utilization Factor** adjusts the accrual assessment for the amount of vacation that employees are expected to take during the year. In 2017-18, employees are expected to take vacation leave equivalent to about 94% of the amount of vacation leave they will earn.

VLA Monitoring Process



1. **Establish a campus assessment utilization factor at the beginning of the year.** Budget and Resource Management (BRM) develops a model at the beginning of the year to project the monthly vacation leave reserve account balance for the entire year. The model incorporates the prior year reserve balance and vacation usage trends to calculate a single rate for the campus.
2. **Establish the overall benefit rate for the four benefit groups at the beginning of the year.** Benefits rates are calculated at the beginning of each year.
3. **Track the vacation leave reserve account balance.** Vacation usage, assessment levels, and liability account balances are reported and compared to projected balance model monthly.
4. **Adjust the utilization factor to stay within the established account balance goal.** BRM aims for a \$2.5 million dollar vacation leave reserve account balance at the end of the fiscal year.

UCSF Health

- UCSF Health does not use a vacation leave assessment. They record a liability, but do not create a reserve. When staff take vacation, the home department is charged for the staff time on vacation and the central liability is reduced.