

Prepared by Contracts and Grants Management Office
this replaces Administrative Procedure No. A8.950,
dated July 1982

A8.950
July 1988

A8.900 Accounting for Research & Training
Contracts & Grants

P 1 of 5

A8.950 Vacation Credit Fund Transfers for Extramurally Funded Employees

1. Purpose

To provide adequate funding for accumulated vacation credits of personnel on the vacation accumulation system who are employed on extramurally funded projects.

2. Objectives

To establish guidelines and procedures for including sufficient funds in contract/grant proposals to cover vacation accumulation costs, and for transferring funds from operating accounts to appropriate vacation reserve accounts to cover vacation accumulated on extramurally funded projects.

3. Responsibilities

The Contracts and Grants Management Office (CGMO) is responsible for negotiating vacation accumulation rates with the Federal Government. The Principal Investigator (PI), with the assistance of the Fiscal Officer (FO), initiates vacation credit transfers.


4. Guidelines and Procedures

a. Budgeting for Vacation Accumulation in Proposals for Extramurally Funded Programs

- (1) In preparing proposal budgets, the PI must include applicable assessments to cover vacation accumulation entitlements for extramurally funded employees.

- (2) Each year, CGMO negotiates rates for vacation accumulation, with the Federal Government. The current applicable rates are included in a Fringe Benefit Schedule which is distributed by CGMO (see Attachment A of Administrative Procedure A8.911).
- (3) The PI applies these rates to salaries funded by extramural sources and includes the amount in proposal budgets.

b. Vacation Accumulation Entitlements for Extramurally Funded Employees

 The right of extramurally funded employees to accumulate vacation is covered in collective bargaining agreements between the University and the respective bargaining units. HRS, Chapter 79-5, provides for the transfer of vacation credits when an officer or employee of the State is transferred from one department or agency to another, and that he/she shall be given credit for vacation earned or accumulated and a transfer of funds shall be made to implement the employee transfer. The methods of computing vacation allowances and lump-sum payments upon termination of employment are stipulated under HRS, Chapters 79-1 and 79-7.

- (1) Vacation Accumulation Entitlements which do not require prior approval.

(a) APT, Civil Service, and Faculty (A,S,R)


Personnel in these categories are entitled to accumulate twenty-one (21) days of vacation per calendar year up to forty-two (42) days. Subsequently, an employee may accumulate not more than fifteen (15) days per calendar year up to a maximum accumulation of ninety (90) days.

- (2) Vacation Accumulation subject to prior approval.

The following actions require the recommendation and approval of the PI and FO who must certify that the action is in the best interest of the project and that funds are available to cover the accumulated vacation days:

- (a) Annual Accumulation by employees of more than fifteen (15) days of vacation leave per calendar year after the first forty-two (42) days of accumulated vacation leave.
- (b) In the absence of appropriate approval, the annual excess as specified above is subject to forfeiture (Attachment A). Under such conditions, the PI with the assistance of the FO, submits U.H. Form 3 (PERS) to the U.H. Personnel Office to delete any vacation credits that are subject to forfeiture.

c. Transferring Funds to the Various Vacation Reserve Accounts

 (1) Funds to cover vacation accumulation by extramurally funded employees, not requiring prior approval, are automatically transferred from project operating accounts to appropriate Vacation Reserve Accounts for extramurally funded employees each day period. The transferred amounts are based on the Fringe Benefit Rate Schedule issued by CGMO and are credited to the following vacation reserve accounts:

(a) APT F-XX-299-F-812-A-361 - Federal Funds
 P-XX-280-F-812-A-361 - Trust Funds

(b) Faculty (A,R,S)
 F-XX-299-F-812-A-362 - Federal Funds
 P-XX-280-F-812-A-362 - Trust Funds

(c) Civil Service
 F-XX-299-F-812-A-363 - Federal Funds
 P-XX-280-F-812-A-363 - Trust Funds

(2) Funds to cover vacation accumulation requiring prior approval of the PI (see Section 4(b)(2) above) are transferred manually from project operating accounts to appropriate Vacation Reserve Accounts. The PI and FO jointly initiate fund transfers through a journal voucher for approved vacation accumulation credits.

- (a) The Vacation Reserve Accounts are identified under 4(C)(1) above.
- (b) The amount of transfer is computed using the following formula:

$$\frac{\text{Annualized Salary}}{\text{Annual Hours}} = \frac{x}{2080} = \text{Hourly Rate}$$
$$\text{Hourly Rate} \times \text{No. of Excess Credit Hrs. plus Fringe} = \text{Amount of Transfer}$$

- (3) Transfers for vacation credits and related fringe benefits must be made when an employee is transferred from general funds to extramural funds since extramural funds cannot be utilized for vacation credits previously accrued under general funds. The operating units must therefore transfer funds into the appropriate Vacation Reserve Account to cover such accruals. An example is illustrated below:

Employee A accrued 300 hrs. on G-funds.

FTE changed to 50% F-funds.

Transfer required as follows:

$$\frac{\text{Annual pay}}{\text{Annual hours}} = \frac{20,000}{2,080} = 9.62 \times 300 = 2,886$$
$$2,886 \times .50 \text{ (fte)} = \$1,443$$

JV required from G-fund to F-299-812-A-XXX
or P-280-812-A-XXX

The transfers are necessary to assure that there are sufficient funds to meet the cost of employee's vacation entitlements when subsequently transferring or terminating employment with the University. If inter-departmental employment change (general to federal funds) occurs, the receiving FO should insure that the transfer is

made to avoid absorbing the accrued carryover liability at a later date.

Note: Funds transfers to the Vacation Reserve Accounts must include all applicable fringe benefits and should be made by the FO annually or within thirty (30) days following the end of the contract/grant period.

d. Transferring Funds from the Various Vacation Reserve Accounts

- (1) Funds from project operating accounts are transferred to the Vacation Reserve for Extramurally Funded employees to provide adequate funding to:
 - (a) Make payments for employees having credits in the reserve accounts upon termination;
 - (b) Make vacation fund transfers to other funds within the University or to the counties and other departments of the State for employees having credits in the reserve accounts; or
 - (c) Cover other contingencies relating to vacation credit payments. All such contingencies must be approved by the U.H. Director of Financial Operations or his/her designee.
- (2) When an extramurally funded employee terminates or transfers to other funds within the University or to the counties and other departments of the State, the FO shall initiate the "Request for Verification of Vacation Leave Credit" form, submit the form to U.H. Personnel Office and transfer funds from the Vacation Reserve for Extramurally funded Employees in accordance with Administrative Procedure A9.930, Vacation Credit Fund Transfer.

Note: Fund transfers from the vacation reserve accounts must include all applicable fringe benefits.

VACATION ADDENDUM TO SF-5(B)

All employees qualifying for vacation accumulation hired on extramural funds are entitled to vacation leave benefits comparable to other general funded personnel. New employees are entitled to accumulate twenty-one (21) days of vacation per calendar year up to forty-two (42) days. Subsequently, employees may accumulate not more than fifteen (15) days per calendar year up to a maximum accumulation of ninety (90) days. However, with written approval by the principal investigator certifying that the action is in the best interest of the project and that funds are available to cover such accumulation, an employee may accumulate more than the restricted fifteen (15) days described above. In the absence of such approval, the annual excess is subject to forfeiture. Vacation leave will not be granted for periods extending beyond the termination date of the contract or grant that funds the employee.

Statement

The above policy has been explained and a copy furnished to

Employee

Signed: _____
Employee

Signed: _____
Principal Investigator

Date: _____

Date: _____

Acct Code: _____

Period: _____

One copy to employee
One copy to be submitted with SF-5B