

Year-End Leave Processing

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CHANGE LOG

Description of Change	Date
Initial Iteration	December 16, 2022
Appendix 1 and 2 inserted; Revised HIP_TL_YE_VAC_ROLLOVER query columns; Revised HIP_TL_GREATER_THAN_300_VAC Description.	January 2, 2024

OVERVIEW

The State of Hawaii collective bargaining unit (CBA) contracts define how many vacation hours employees may accumulate (“cap”). These CBAs refer to different limits, and for the purposes of this document will be referred to as the “higher cap” and the “lower cap”:

- **Higher cap:** Employees may accumulate no more than 90 working days (720 hours) at the end of the calendar year.

- **Lower cap:** Employees who have accumulated 42 days of vacation leave, subsequently cannot accumulate not more than 15 days of vacation leave per year, even if their accumulation falls below 42 days (336 hours). In other words, employees who reach a vacation leave balance of 336 hours need to start taking 48 hours per year to stay under 15 days of leave/year.

HIP has been configured to apply these caps as necessary for employees participating in Time and Leave at year-end and considers whether an employee is out on “continuous” leave from the end of December through the beginning of January.

SCOPE OF APPLICATION OF VACATION FORFEITURE

Forfeiture rules apply to employees in departments participating in Time and Leave that accrue vacation hours (Executive Branch, the Office of Hawaiian Affairs, and the Legislature).

TIMELINE FOR YEAR-END VACATION FORFEITURE

HIP applies the year-end forfeiture logic while processing the employee’s December 16 – 31 calendar period. The specific timing will depend if the employee is on a LAG versus ATF (“After-the-Fact”) pay schedule.

LAG employees will see the forfeiture applied alongside their January 5 check of the following year. For ATF employees, the forfeiture is processed alongside their January 20 check.

APPLICATION OF THE CAPS RELATING TO VACATION FORFEITURE

For HIP to process vacation forfeitures properly, HIP will consider the following parameters to determine whether the employee forfeits, and if so, how many hours to forfeit.

APPLICATION OF THE LOWER CAP (42-DAY ACCUMULATED VACATION)

Employees who have accumulated 42 days of vacation leave, subsequently cannot accumulate more than 15 days of vacation leave per year, even if their accumulation falls below 42 days (336 hours).

Employees who reach a vacation leave balance of 336 hours need to start taking 6 days (48 hours) of vacation starting in the subsequent year to avoid forfeiture relating to this lower cap.

- For example, if an employee accumulates 336 hours of vacation in 2022, the employee will be required to take 48 hours of vacation starting in 2023 to avoid forfeiture relating to this cap.

For the purposes of this document, the term *accumulation* does not refer to the number of hours the employee has received, but rather the employee’s vacation leave *balance*. Hence, an employee may fall

below that balance by continuously earning and using their leave, but once the employee has reached a balance of 336 hours, the lower cap will apply.

****If the 42-day accumulation is reached within the current year, the number of accrued days an employee can hold will be prorated based on when that accumulation is reached. In the subsequent year, the employee can only accrue and roll over 15 days, and must use at least six days (48 hours) to avoid forfeiture relating to this cap. This aligns with the February 13, 1974 Memorandum regarding the interpretation of accumulation of vacation provision contained in the Collective Bargaining Agreements (see Appendix 1 for more information).***

Note: This accumulation does not apply to employees in Bargaining Unit 09 (see Appendix 2 for more details).

APPLICATION OF THE HIGHER CAP (90-DAY LIMIT)

The higher cap applies to any employee with a balance of more than 720 hours (or 90 days). To avoid forfeiture relating to this cap, the employee's ending balance for the year must be less than 720 hours (after including December accruals and takes, and lower-cap forfeiture, if applicable). Calculations to estimate forfeiture will be detailed in a separate section below.

OTHER PARAMETERS

HIP will also consider the following parameters when calculating an employee's vacation forfeiture:

- Whether an employee is on continuous leave on their last scheduled day in December running into January.
 - To qualify as "continuous leave", the leave hours must be approved and must start on or before the employee's last scheduled day of December.
 - If starting on the last scheduled day, the leave must either be a full day or, if partially taken, taken at the end of the employee's workday.
- Holidays are not considered scheduled days, so the leave must start before any holiday scheduled in the series and include the last scheduled working day of the year, at minimum.
- For example, an employee scheduled Monday-Friday 8 hours a day who may be subject to forfeit 48 hours, may request and if approved take leave from 12/30/2021-1/7/2022 and not forfeit those hours. The employee's last scheduled day in the period was December 30 (Thursday) as the New Year's Day holiday was observed on December 31 (Friday).
- Once an employee has returned from their continuous leave, HIP will recalculate the employee's leave data for December and update the employee's balance.

REVIEWING EMPLOYEE YEAR-END DATA

To assist in evaluation of your department's employee vacation balances, the following queries have been developed:

1. **HIP_TL_GREATER_THAN_300_VAC:** Queries active employees that have either hit the 336-hour threshold, has a vacation balance greater than 300 hours, or is identified as a Bargaining Unit 09 employee. It will display data as of the last finalized payroll and includes the employee’s vacation balance at that point, vacation that was taken year-to-date, the amount of vacation that was donated as of that period, and any future approved vacation. This is helpful in determining whether an employee still must take at least 48 hours of vacation related to the lower cap.

2. **HIP_TL_GREATER_THAN_600_VAC:** Queries employees who have an existing vacation balance of greater than 600 hours. This is helpful to evaluate employees who may be at risk of exceeding the limit of 720 hours related to the higher cap. While this query does provide a current balance, it does not include a forfeiture projection.

3. **HIP_TL_YE_VAC_ROLLOVER:** Queries employees’ leave data as of the end of the calendar year. Data for this query becomes available once the December 20th payroll is finalized as that pulls data from the end of November to populate the starting balance for December. This query is available to be run until the end of June and cannot be run again until the following December 20th payroll has been finalized. Enter an Empl ID in the prompt to view one Employee’s data, otherwise leave blank to view all employee’s data.

○ The following fields are populated on the query:

A	B	C	D	E	F	G	H	I
Empl ID	Rcd#	Name	Dept ID	Dept Description	Pay Group	Std Hrs (Standard Hours)	Union Code	Dec Confirmed
J	K	L	M	N	O	P	Q	R
Prcs Ent/RO	Dec Start Bal	Dec Adjust	Dec Donated	Dec Taken	Dec Entitlement	42Dy Forfeit	720Hr Forfeit	Rollover Bal
S	T	U	V	W				
42Dy Date	YTD Entitlement	YTD Taken	YTD Donated	Nxt Prd Cont Lv				

CALCULATION OF VACATION FORFEITURE USING THE HIP_TL_YE_VAC_ROLLOVER QUERY

The values in the **42Dy Forfeit** (Column P) and **720Hr Forfeit** column (Column Q) show the hours that are at risk of forfeiture. Running the **HIP_TL_YE_VAC_ROLLOVER** query after the second pay date in January will include complete leave data for both LAG and ATF employees, including entitlements for December.

To calculate an employee’s “rollover balance” (balance starting January 1), use the following formula:

- ***Dec Start Bal + Dec Adjust – Dec Donated – Dec Taken + Dec Entitlement – 42Dy Forfeit – 720Hr Forfeit – Nxt Prd Cont Lv = Rollover Bal***

- Columns $K + L - M - N + O - P - Q - W = R$

To derive the number of forfeited hours related to the lower and higher caps, use the following formulas:

- Forfeiture relating to the lower cap:
 - $YTD\ Entitlement - 120\ hours - YTD\ Taken - YTD\ Donated - Nxt\ Prd\ Cont\ Lv = 42Dy\ Forfeit$
 - Columns $T - 120 - U - V - W = P$
 - **Note: Employees participating in Bargaining Unit 11 (e.g. Firefighters) utilize a different parameter to account for their 15-day accumulation (in reference to the 120 hours in the formula) to accommodate their work schedule. Please refer to their specific bargaining agreement to confirm their per-year vacation accumulation. Employees that have reached the 42-day accumulation within the current year would also have different parameters.**
- Forfeiture relating to the higher cap:
 - $Dec\ Start\ Bal + Dec\ Adjust - Dec\ Donated - Dec\ Taken + Dec\ Entitlement - 42Dy\ Forfeit - 720\ hours - Nxt\ Prd\ Cont\ Lv = 720Hr\ Forfeit$
 - Columns $K + L - M - N + O - P - 720 - W = Q$

Critical things to note:

- **Dec Confirmed** (Column I) identifies if the payroll has been confirmed. The significance is that until December payroll has been confirmed, the Entitlement is estimated to be the full 14 hours. Once payroll is confirmed, it will be the entitlement granted based on the hours worked for the month.
- **Prcs Ent/RO** (Column J) identifies if the Entitlement and Rollover Process is being applied to the employee. This value will be set to N when the employee is “on leave” (either through submitted leave or from Job Action/Reason) – it will be updated to “Y” at a point the employee returns from leave.
 - While **Prcs Ent/RO** is set to N the **Dec Entitlement** (Column O) will be 0.
 - While **Prcs Ent/RO** is set to N the rollover balance rule of 720-hour max has not been applied.
 - While **Prcs Ent/RO** is set to N the **Nxt Prd Cont Lv** (Column W) will be 0 until the employee has returned from leave.
- Additionally, note that the **YTD Entitlement** (Column T) and **YTD Taken** (Column U) are there to support the calculation of the **42Dy Forfeit** (Column P) – however if an employee transitioned in the middle of the year, it only includes Entitlements and Takes since the employee started to be paid on Time and Leave.

TIMING CONSIDERATIONS FOR EMPLOYEE ACTIONS

Forfeitures begin to process in the pay cycle when an employee is paid for the 12/16 – 12/31 period. To conceptualize and simplify a deadline related to employee actions (e.g. submitting vacation leave requests, donating vacation, etc.), the related timesheet submission deadlines can be used.

- **Example:** For 2022, forfeiture will process during the paycheck processing for 1/5/2023 for LAG and 1/20/2023 for ATF. The timesheet deadlines associated to each pay date would be for LAG – 12/22/2022 and ATF – 1/9/2023.

TIMING OF VACATION DONATIONS

Vacation donations initiated in HIP will always be processed with the current open absence calendar, which coincides with the current payroll that is processing.

For donations to be effective related to vacation forfeiture, donations should be entered and approved by the respective timesheet submission deadlines for both the LAG and ATF 12/31 processing dates.

If donations are not entered and approved by the respective dates, the unapproved donated hours may be forfeited. For retroactive donations, manual adjustments to the employee's balance and the department leave bank may be necessary. The adjustment can be done for the January 1 – 15 period to "correct" the employee's vacation balance as if they donated vacation in HIP.

EFFECTS OF RETROACTIVE SUBMISSIONS OF VACATION LEAVE

While it is highly encouraged for employees to adhere to the timing deadlines to properly account for vacation forfeitures, there can be instances where an employee, supervisor, or leave keeper can submit vacation leave for December after-the-fact, even after the vacation forfeiture has been run.

Once a retroactive vacation leave is entered and approved for dates in December, HIP will reevaluate the employee's situation and recalculate the forfeiture during the normal nightly absence calculation process.

The employee's absence balances would reflect accurately on the employee's subsequent paycheck.

VACATION BALANCE ADJUSTMENTS DUE TO VACATION FORFEITURE

Department HR Admins have the capability to manually adjust employee vacation balances, if necessary, after the vacation forfeiture logic is processed.

These adjustments may be made for employees who may not be covered by the HIP forfeiture logic. Some examples of events that may require a manual adjustment include:

- Special exceptions granted for extenuating circumstances granted via a Comptroller's Memorandum.
- Employees who are receiving Workers' Compensation benefits that are subject to vacation forfeiture.

- At current, HIP does not differentiate between employees on different statuses other than those on Leave of Absence (LOA) status, so employees on Workers' Comp would require a manual adjustment after the forfeiture has been run to restore the employee's vacation balance.

It is recommended to adjust the employee's vacation balance in the 1/1 – 1/15 period using the **HI VAC ENT** element to "restore" the employee's vacation balance. Those adjusted hours would then be useable from January 16. The adjustment must be done using the 1/1 – 1/15 period because any adjustments done in the 12/16 – 12/31 period would be considered in the forfeiture logic for the year.

APPENDIX 1: LOWER CAP FORFEITURE FOR EMPLOYEES HITTING THE 42-DAY ACCUMULATION IN THE YEAR

In accordance with the February 13, 1974 Memorandum regarding the interpretation of accumulation of vacation provision contained in the Collective Bargaining Agreements, an employee who accumulates their first 42 days of vacation in the calendar year may need to use their vacation days to avoid forfeiture. Depending on the number of days that an employee has held on December 31st of the preceding year will determine the number of vacation days that an employee must use in the year they reach the 42-day accumulation.

Note: While the memorandum references the number of “days” an employee can hold, HIP references vacation in the number of hours. 1 Day = 8 hours in HIP.

<u>A</u>		<u>B</u>		<u>C</u>
<u>Accumulated Vacation Days - 12/31</u>		<u>No. of Vac. Days Employee May Accumulate in the Year He Reaches His First 42 Days</u>		<u>No. of Vac. Days Employee Must Use in the Year He Reaches His First 42 Days</u>
36 or less	288	21	168	0
37	296	20	160	1
38	304	19	152	2
39	312	18	144	3
40	320	17	136	4
41	328	16	128	5

HIP can recognize when the employee hits 336 hours of vacation, what their balance as of 12/31 from the prior year was and can calculate the number of hours the employee must use in the current year.

For example, if an employee holds a balance of 292 hours as of 12/31 and hits 336 hours in the next year, the employee will have a max carryover of 164 hours (336-292+120) for the year. The employee then must take 4 hours (168-164) of vacation to avoid forfeiture.

ELEMENTS TO LOOK FOR EMPLOYEES SUBJECT TO FORFEITURE

Leave Keepers and HR Admins can run either the **HIP_TL_GREATER_THAN_300_VAC** or **HIP_TL_YE_VAC_ROLLOVER** queries to determine employees who hit the 336-hour accumulation in the year.

The **HIP_TL_GREATER_THAN_300_VAC** query can be run as there is a “42Dy Flag” indicator (yes or no) which indicates whether the employee has hit the 336-hour accumulation. This can prepare the Leave Keeper/HR Admin to communicate with the employee if they are subject to forfeiture.

The **HIP_TL_YE_VAC_ROLLOVER** query can be run once the January 5th check has been finalized and can provide greater detail as to whether an employee will be subject to forfeiture.



APPENDIX 2: LOWER CAP FORFEITURE FOR BARGAINING UNIT 09 EMPLOYEES

In accordance with the collective bargaining agreement for employees in bargaining unit 09 (referred to as “BU09”), these employees may accumulate not more than fifteen (15) days of vacation leave per calendar year.

The statement for BU09 employees is different from those in other bargaining units, since BU09 employees are only able to accumulate 15 days of vacation per year immediately.

Employees in other bargaining units need to accumulate their first 42 days (or 336 hours) of vacation before being required to only accumulate 15 of the 21 days in the year.

For departments with BU09 employees, it is highly recommended to run the **HIP_TL_GREATER_THAN_300_VAC** query throughout the year to identify BU09 employees who may be subject to forfeiting vacation as this query will now identify all BU09 employees (in addition to those who accrued at least 336 hours). This query can be run year-round to provide advanced notice to employees who may be subject to forfeiture.

For a final review of year-end forfeiture statistics, the **HIP_TL_YE_VAC_ROLLOVER** query can be run after the January 5th check is finalized to review all BU09 employees subject to forfeiture at the lower cap.