

**Accrued Compensable Absences Payable
Operating Guidelines
Updated August 25, 2010**

Program Summary

Texas A&M University will establish a service center account to process annual leave payments payable to employees when their employment ends. The service center will be funded through a payroll set-aside calculated and transferred on each payroll in a manner similar to workman's compensation insurance (WCI) and unemployment compensation insurance (UCI).

The payroll set-aside will only be assessed for leave eligible employees and verification will be made on each payroll. All leave eligible employees, including those paid by contracts and grants, will participate.

The set-aside percentage for the first year of the program will be 0.350% (\$3.50 per \$1,000) for staff and 0.566% (\$5.66 per \$1,000) for leave eligible faculty. Rates will be adjusted annually by Financial Management Operations based on the ACAP historical usage for the two groups.

Definitions

Accrued Compensable Absences Payable (ACAP) - Employee annual leave balances payable when an employee leaves the university (resignation, retirement, death). This does not include sick leave paid upon the death of an employee.

ACAP Set-aside – Payroll charge assessed to employing departments on behalf of each leave eligible employee. The set-aside is transferred to the ACAP central fund to provide funding for ACAP payments.

ACAP Central Fund – Service center accounts established to collect set aside funds and process ACAP payments.

Program Effective Date

The ACAP set-aside program will begin September 1, 2007. Departmental payroll expenses will reflect the set-aside beginning with the first payroll calculation of FY 2008.

ACAP Rate Calculation

The ACAP set-aside rate will be determined annually based on the prior five years ACAP expenditures as a percentage of the prior five years payroll expenditures for leave eligible employees, taking into account any balances (positive or negative) in the central accounts. Separate rates will be calculated for leave eligible faculty and staff. These rates will be communicated to departments annually during the budget preparation process.

Faculty ACAP Rate =
$$\frac{\text{Five year average faculty ACAP Expenditures}}{\text{Five year average payroll expenditures for leave eligible faculty}}$$

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Staff ACAP Rate =
$$\frac{\text{Five year average staff ACAP Expenditures}}{\text{Five year average payroll expenditures for leave eligible staff}}$$

Contributions to the ACAP Central Fund

Texas A&M University System BPP Operations Center will verify leave eligibility and assess the departmental set-aside on each payroll calculation. All funds incurring leave eligible payroll will participate in the set-aside program.

ACAP Central Fund Balance

Any funds remaining in the central fund at the end of a fiscal year will be retained by the fund for future ACAP payments and will be incorporated into the calculation of the next year's set-aside rate. Central fund deficits at year end will also be incorporated in the calculation of the next year's set-aside rate.

Accessing ACAP Central Fund and Processing Joint Appointments

Upon receiving notification of a TAMU employee's intent to separate from the University, the departmental payroll contact will work with the Payroll, Tax and Employee Resources office to review and verify the employee's prior five year work history to assure that the appropriate amounts are charged. A payroll supplemental form will be submitted by the department indicating the amount due to the employee.

If the employee has worked for more than one Texas A&M University agency located in College Station during the past five years, the ACAP payment to the employee will be funded jointly by the University and the Agency based on the percentage of time in leave eligible positions at each agency over the previous five years.

Faculty Leave Payments

When a faculty member has been in a leave eligible position within the previous five years (60 months) the ACAP payment will be allocated between the central fund and the college based on the employee's years of service in a leave eligible position.

Extended employee leave

Departments that allow employees to remain on the payroll to exhaust leave balances will bear the entire cost of these arrangements. The ACAP central fund will not provide funding for employees who elect to remain on payroll to use annual leave balances at the conclusion of their employment.

Office of Responsibility

Payroll Services, Texas A&M University