The following procedure applies to employees who terminate/separate 1/1/2022 and after.

Terminal Leave Payout

Payroll Services Practice 25-2001 10/20/2021

1. General Information

Pursuant to OSU Policies and Procedures, employees who terminate or separate from employment with the University or are put on long-term disability or layoff status will be paid for accrued but unused compensatory and annual leave, subject to limitations.

Departments should monitor employee leave balances as well as employee pay and job dates regularly and submit any corrections promptly, so there should rarely be a need for corrections at the time of termination or separation. However, if corrections are needed, it is essential that Payroll Services be notified as soon as possible so they can be processed before the final payment to the employee is issued.

This Payroll Services Practice does not apply to leave payouts for deceased employees. See Payroll Services Practice 20-3001 Deceased Employee Pay. It also does not apply to layoff/reduction in work force for staff situations. See OSU Policy and Procedures document 3-0711.

1. Terminal Leave Payments

When an employee terminates or separates from employment or is put on long-term disability status, any accrued but unused compensatory leave and annual leave, subject to limitations, will be paid on the next payroll after the final payment of salaries and wages as follows.

Biweekly - Paid two weeks after the final wage payment.

Monthly - Paid on the supplemental payroll that is paid approximately the 12th of the month following the final salary payment.

1. Limitations
	1. Compensatory leave (non-exempt employees only) is paid in the full amount accrued but unused without limitation.
	2. Annual leave is paid in the amount accrued but unused, up to the following limit as specified by OSU policy: one full year’s accumulation in the case of termination, separation, or long-term disability. The full year accumulation is based on the employee’s classification and length of service.
2. Review of Terminal Leave Payments
	1. For each regular payroll, when the final paycheck is fully calculated and remitted to the state for payment (at least 5 business days before payday), the departmental contact will be notified via email of balances to be paid and forfeited (“TLP Email”).
	2. The balances should be reviewed and if a correction is needed, the departmental contact should “reply all” to the TLP Email and attach a completed Terminal Leave Adjustment form, no later than 5 pm on the stated deadline.
	3. For employees who are paid monthly and terminate or separate after the 15th day of the month, the employee (or department superuser on behalf of the employee) should submit a final leave report. This will ensure that the balance is updated for any leave taken before the payment is made. The departmental contact should “reply all” to the TLP Email and indicate that the final leave report has been submitted no later than 5 pm on the stated deadline.
	4. The employee’s pay and job dates should be reviewed when the TLP Email is received to identify any potential overpayment. If an overpayment is identified, the departmental contact should email an Overpayment Initiation Form no later than 5 pm on the stated deadline on the TLP Email to payroll.services@okstate.edu with the employee’s Banner ID and name and “Overpayment and Terminal Leave” in the subject line so it will be identified and routed promptly. See Payroll Services Practice 20-1001 *Underpayments and Overpayments* for more information about processing overpayments.
3. Unused Leave

Any annual leave balances in excess of the maximum payout amounts and sick leave balances will be adjusted to zero in Banner at the time of the terminal leave payment. If the employee is later rehired and eligible for reinstatement of forfeited amounts, a leave adjustment with supporting approvals and documentation should be submitted at the time of rehire.

1. References

This payroll services practice is intended to comply with OSU policies and procedures as well as federal and state laws and rules. Specific guidance may be found at OSU policies 3-0713 *Attendance and Leave for Staff* Section 9.01-B1 Payment of Annual Leave, 3-716 *Sick Leave for Staff*, 2-0013 *Sick Leave for Faculty,* and 3-0742 *Timekeeping and Overtime* Section 8.05-C Overtime payment for Nonexempt Employees, 3-0711 *Layoff and Reduction in Work Force for Staff* Section 3.10 and Payroll Services Practice 20-1001 *Underpayments and Overpaymen**ts.*