

**ARIZONA DEPARTMENT OF ADMINISTRATION  
POLICIES AND PROCEDURES**

<b>Policy Number:</b> ADOA/HRD PA6.02	<b>Issued:</b> December 7, 2012
<b>Subject:</b> Leave - Payment of Annual Leave to a Non-Separating Employee	<b>Effective:</b> September 29, 2012
<b>Policy Section:</b> Human Resources	<b>Revised:</b> November 4, 2019
<b>Policy Owner:</b> HRD – Shared Services Office	

This policy does not create a contract for employment between any ADOA employee and the Department. Nothing in this policy changes the fact that all uncovered employees of the Department are at will employees and serve at the pleasure of the appointing authority.

**Scope:**

This policy applies to all Arizona Department of Administration (ADOA) employees.

**Authority:**

- A.R.S. §§ 41-741 and 41-743
- R2-5A-B602, Annual Leave

**Definitions:**

*"Employee"* means any covered or uncovered employee eligible to accrue and use annual leave.

*"Hardship"* means a severe, unforeseen financial emergency to the employee resulting from a sudden and unanticipated event arising as a result of events beyond the control of the employee.

*"Non-separating employee"* means the employee has no immediate plans to separate employment from Arizona state government.

*"Similarly situated employees"* means employees who perform the same or similar work and occupy positions with the same or similar duties and responsibilities and/or work within the same section/unit or geographical location and who may either:

- Request the payment of annual leave for substantially similar reasons; or,
- Have the same or similar annual leave balances.

*Note: For employee-initiated requests, similarly situated employees only include those non-separating employees who requested payment of annual leave.*

**Policy:**

Subject to funding availability, a non-separating employee may request, or agency management may initiate, the payment of a portion of an employee's accumulated and unused annual leave. This policy provides written standards and procedures that provide for equal consideration of all similarly situated employees.

Any annual leave hours approved for payment will be paid at the employee's current rate of pay. Unless the request is due to hardship, the payment, if approved, will be paid on the next regular payroll cycle. If the employee's request is due to hardship, the ADOA Payroll Office and the General Accounting Office will process the payment as soon as possible.

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Donated annual leave received from other employees shall not be paid out under this policy. Donated annual leave must be used or, if the recipient employee recovers before using all the leave or the need for the leave is otherwise abated, the unused donated leave shall be returned to the donating employee(s).

An employee who receives payment for annual leave, whether employee- or management-initiated, may not "buy back" the leave at a later date for the purpose of restoring the annual leave hours to the employee's leave balance.

#### **Requirements:**

Similarly situated employees shall be provided equal consideration regardless of whether the request for payment is initiated by the employee or agency management.

#### *If an employee requests payment of annual leave, the employee:*

- May request annual leave payment for any reason.
- Shall indicate the total number of hours for which payment is requested. The request must be in whole hours, not fractions of an hour. Requests submitted for fractions of an hour will be reduced to the nearest whole hour.
- May request payment for annual leave once per fiscal year and no more than once in a 12-month period.
- Must have used a minimum of forty (40) hours of annual leave within the past twelve (12) months immediately prior to submitting the request (for example, if the employee submits the request for payment on November 1, 2012, the employee must have used at least 40 hours of annual leave between November 1, 2011, and October 31, 2012).
- May not submit a request for payment that would result in reducing the employee's annual leave balance below forty (40) hours, after the payment.

#### *If agency management initiates the payment of annual leave to an employee:*

- Payment of annual leave may be made at any time, with notice to the employee.
- If the payment would result in reducing the employee's annual leave balance below 240 hours (320 hours for uncovered employees), the employee's concurrence is required.

#### **Procedure:**

##### *If an employee initiates request for payment:*

- Employee completes Request for Payment of Annual Leave form.
- Employee submits request to direct supervisor who reviews the request for completeness and recommends approval or denial of the request.
- Supervisor forwards the request through appropriate approval authority(ies), to the division Assistant Director.
- Division Assistant Director reviews the request for compliance with this policy, including ensuring all similarly situated employees have been provided equal consideration, and, if approval is recommended, forwards request to the ADOA Director's Office.
- ADOA Budget Manager determines if sufficient funding is available and forwards to Deputy Director.
- If Deputy Director recommends approval, forwards request to Director for approval.
- Director reviews the request and indicates approval or disapproval.
- If approved, the Director's Office forwards the request to ADOA Payroll.

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- ADOA Payroll ensures all used annual leave has been deducted from the employee's annual leave balance, ensures the number of hours of annual leave payment requested includes only accumulated and unused leave, and processes the payment request.
- ADOA Payroll retains the original request and distributes copies to: the employee, the employee's supervisor, and the division Assistant Director.

If, at any level, the employee's request is disapproved, the request shall be returned to the employee with a statement explaining the reason(s) for the disapproval.

#### If management initiates request for payment:

- Manager considers all similarly situated employees in the manager's section/unit and completes a Request for Payment of Annual Leave form for each employee for whom payment of annual leave is proposed, including the number of hours of annual leave to be paid for each employee, with justification statements and supporting documentation, and calculates the estimated cost (gross) of the payment for each employee. If payment will reduce the employee's annual leave balance to below 240 hours (320 for uncovered employees) the employee's written concurrence shall be obtained prior to forwarding the request for approval.
- Manager forwards the request through appropriate approval authority(ies), to the division Assistant Director.
- Division Assistant Director reviews the request for compliance with this policy, including ensuring that all similarly situated employees have been provided equal consideration, and, if approval is recommended, forwards the request to the ADOA Director's Office.
- ADOA Budget Manager determines if sufficient funding is available and forwards to Deputy Director.
- If Deputy Director recommends approval, forwards request to Director for approval.
- Director reviews the request and indicates approval or disapproval.
- If approved, the Director's office forwards the request to ADOA Payroll.
- ADOA Payroll ensures all used annual leave has been deducted from the employee's annual leave balance, ensures the number of hours of annual leave payment requested includes only accumulated and unused leave, and processes the payment request.
- ADOA Payroll retains the original documentation and provides written notice to the employee, with copies to: the manager who initiated the request and the division Assistant Director.

#### **Other:**

Payments of annual leave are taxable as income.

Payments of annual leave are subject to Arizona State Retirement System (ASRS) retirement contributions as follows:

- If the request is employee-initiated, contributions are not withheld;
- If the payment is management-initiated, contributions may be withheld, depending on the employee's membership enrollment date.

#### **Related Forms/Attachments:**

[Request for Payment of Annual Leave Form](#)

#### **Corresponding Policies:**

Not Applicable

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**Contact:**

If you have any questions related to this policy, please contact the ADOA Human Resources Division.

**Policy History (supersedes):**

December 7, 2012