Employee Benefits Pool

Terminal Vacation, Workers’ Compensation Insurance, Unemployment Compensation Insurance

A. Objective
Establish and fund a central pool to pay terminal vacation costs for benefits eligible staff. The leave calculations will be based on university records in the HR System and certified by the employee. The central pool will be used in place of the current practice of paying terminal vacation from the cost center funding the employee’s salary at the time of termination.

B. Recommendation
Establish a fund within the general ledger accounting system to provide a pool of resources to pay the expenses that arise from terminating vacation leave claims and, in the case of deceased employees, terminating sick leave claims. This pool can be combined with the existing pools for Workers’ Compensation Insurance (WCI) claims and Unemployment Compensation Insurance (UCI) claims to form a single pool for all these benefits.

C. Goals:
1) A single consolidated benefits pool will be maintained for the terminal vacation, WCI and UCI benefit claim needs to draw upon. Currently, WCI and UCI are paid from central pools and terminal vacation is paid from the cost center funding the employee’s salary at the time of termination.
2) The pool will service all employees (state funded and non-state funded) that are eligible for the identified benefits.
3) The current combined rate for WCI and UCI is 1.0% of salaries paid to all employees. This rate is charged to the cost center paying the employee for non-state funds and to a centrally budgeted cost center for state paid salaries.
4) An additional 0.5% will be charged for salaries of benefits eligible staff (not 9-month faculty). This is the group that is eligible to use the terminal vacation benefit.
5) The rates will be reviewed and adjusted annually in order to maintain the pool in a break-even state.
6) There are sufficient reserves in the WCI and UCI pools to begin processing the terminal vacation benefit on June 1, 2014 from the central pool.
7) The additional 0.5% benefit cost for staff can be collected effective September 1, 2014 with the start of the FY2015 budget.
8) The process will be applicable to UH and UHSA only. UHCL, UHD, and UHV desire to opt out at the present time. The appropriate MAPP will be updated to include the vacation pool process.