Austin Peay State University

Longevity Pay

POLICIES

Issued: February 2, 2017
Responsible Official: Vice President for Finance and Administration
Responsible Office: Office of Human Resources

Policy Statement

It is the policy of Austin Peay State University, along with continued approval by the state legislature and funding by the Tennessee General Assembly, to reward full-time and eligible part-time employees who have completed 36 months of service to a state agency or institution with an annual longevity payment that is in recognition of their extended service.

Purpose

The purpose of this policy is to establish the process regarding longevity pay for employees of the University.

Procedures

Introduction

The 89th General Assembly of the State of Tennessee adopted a longevity pay plan to reward State employees for extended service to the State. The plan became effective on July 1, 1979, was amended July 1, 1980 to include faculty members of the State's public higher education institutions, and was further amended on July 1, 1994 to include regular part-time employees who are scheduled to work 1600 or more hours (82.1 percent time) in a fiscal year.

1. In addition, effective July 1, 1995, regular full-time employees with 36 months of full-time service became eligible to receive longevity credit for prior part-time service that is equivalent to not less than 5 years of full-time service. Its continuation each year is subject to positive action by the State Legislature.

Eligibility

Upon completion of 36 months of service, all regular full-time and faculty, clerical and support staff, administrative/professional employees, and modified fiscal year (MODFY) employees are eligible for longevity payments.

1. In addition, all regular part-time employees who are scheduled to work 1600 or more hours (82.1 percent time) in a fiscal year and have 36 months of service are also eligible for longevity payments. (Refer to Longevity Service Credit Section B for additional information regarding credit for part-time service.)
2. The 36 months of qualifying service must be in an eligible status as defined below.
3. For purposes of creditable service for longevity payments, the service base of employees in faculty, MODFY, or eligible regular part-time appointments shall be considered to be a full 12 months.

Compensation

A. Eligible employees shall receive longevity pay at an established rate for each year of creditable service up to the maximum provided by law.
   1. The rate per year of service is established annually by the Legislature.
   2. For employees who completed 15 years of creditable service prior to July 1, 1984, September 1 shall be their longevity anniversary date.
   3. Payments will be made in the University's payroll corresponding with September anniversaries.
   4. All other employees who have three years or more of creditable service shall receive their longevity payments in conjunction with their longevity anniversary date and in accordance with University payroll procedures.

B. Calculation of longevity pay is based on an employee's total years of eligible full-time service and eligible part-time service and the rate of pay in effect for the fiscal year in which the payment is made.
   1. Currently the rate of pay per year of service is $100 with the maximum years paid being 30 years. The maximum payment amount is $3,000.
   2. *Faculty members were included in the longevity pay plan effective July 1, 1980.
      a. During fiscal year 1980-81 faculty received $45 per year of eligible service up to a maximum of 15 years or $675.
      b. This special rate for faculty was provided for this one year because faculty improvement funds were provided in lieu of longevity pay during fiscal year

1979-80.

C. The following describes longevity provisions for non-exempt employees under the FLSA.
   1. The method of paying overtime on longevity became effective with the coverage of non-exempt state employees by the Fair Labor Standards Act (workweek of April 15, 1986) and applies only to that portion of the employee's longevity work year after that date.
   2. The value of longevity pay is not included in the week-to-week calculation of regular hourly rate for overtime payment purposes.
   3. But, when longevity pay is given, ½ the hourly equivalent rate of the longevity payment is due for all premium overtime hours earned during the prior year of service for which the longevity payment is made.
      a. For example, a non-exempt employee worked 2150 hours during the year including 100 hours of premium overtime and received $750 longevity payment.
      b. The overtime due on the payment would be $750 divided by 2150 hours = $.348 hourly equivalent time ½ = $.174 per hour times 100 premium hours = $17.40 additional overtime longevity payment.

D. Longevity pay is subject to Federal Withholding Tax and Social Security taxes.
   1. Effective January 1, 2004, institutions may select either Option A or Option B as provided in IRS Circular E - Supplemental Wages to determine the Federal Withholding Tax.
   2. The Social Security Tax is assessed at the prevailing rate.

E. The gross dollar value of the longevity payment is considered as covered salary for purposes of calculating retirement benefits.

Longevity Service Credit

A. Adjusted Longevity Anniversary Date
   1. The adjusted longevity anniversary date shall be that date on which 36 months of creditable regular state service is completed.
   2. A longevity anniversary date is established for all employees who are eligible or potentially eligible to participate in the program.
   3. At the time of initial employment, the employee's longevity anniversary date is established utilizing all

periods of prior eligible service with the State or one of its agencies or a State institution.

4. If the employee does not indicate prior service, the longevity anniversary date is the same as the initial employment date.

B. Eligible Service
   1. The following types of service are considered eligible service when establishing an individual's adjusted longevity anniversary date:
      a. All regular full-time service with a State institution, University of Tennessee or Tennessee Government to include agencies, offices, departments or other subdivisions of the Executive, Judicial, or Legislative branches.
      b. Effective July 1, 1995, all regular full-time service of 36 months and prior regular part-time service that is the equivalent of 5 years of regular full-time service with any of the organizations listed above. Credit for such prior part-time service is prospective only.
   2. All regular part-time service in which the employee was scheduled to work 1600 or more hours in a fiscal year with any of the organizations listed above.
   3. Periods in which regular part-time employees work additional hours, resulting in a fiscal year work schedule of 1600 or more hours. (See B.11.)
      a. Example: On July 1st, an employee was appointed as a regular part-time employee at 50% time. On September 1st, he was asked to work 100% time until another person could be hired. By June 30th of that fiscal year, he had actually worked more than 1600 hours. On July 1st, he changed to full-time on a regular basis; and he received longevity credit for the prior fiscal year. (See Section B.12.)
   4. Eligible temporary service with any of the organizations listed in 1 above, which immediately precedes the regular full-time service.
      a. Effective July 1, 1995, eligible temporary service includes all part-time temporary service that is the equivalent of 5 years of full-time service which immediately precedes regular full-time service.
      b. Credit for eligible part-time service will be given when 36 months of regular full-time service has been rendered and will be prospective only.
   5. Periods during which the employee is in an approved paid leave status.

6. Periods during which a normally eligible employee is working a temporarily reduced work schedule of not less than 50% of full-time and for a period not to exceed six months.
7. Periods during which the employee is on leave of absence without pay and is receiving compensation from the State Board of Claims for an on-the-job injury or illness.
8. Any employee otherwise eligible who is on military leave.
9. Periods during which an employee is on an approved grant-in-aid.
10. Periods during terminal leave status.
11. Employees currently eligible for longevity pay who have prior part-time service consisting of at least a 1600 hours annual schedule shall receive longevity credit for each month of such part-time service in which the employee was scheduled to work a full month and actually worked one-tenth of one hour more than half the schedule.
    a. This provision became effective July 1, 1987. Effective July 1, 1995, eligible employees shall receive credit but not retroactive longevity payments.
    b. In other words, the employee who changes status as described in this section shall receive credit for the time worked, but will not receive longevity payments for credited time until the next fiscal year when the prior part-time service is calculated into the longevity payment.
12. Regular employees may receive longevity credit for adjunct faculty service if the following conditions apply:
    a. The employee's work schedule for the fiscal year consisted of the equivalent of 1600 or more hours. Effective July 1, 1999, equivalent hours shall be calculated for each semester/quarter and then added together to obtain the total equivalent hours for the fiscal year. (The following formula will be used to determine the equivalent hours: semester/quarter hours taught x 2.5 x number of weeks in semester/quarter = clock hours)
        1. Example: Employee taught 9.0 hours the second session of Summer 1997, 15.0 hours Fall Semester 1997, 15.0 hours Spring Semester 1998, and 6.0 the first session of Summer 1998.

           Summer 1997 (2nd Session) 9 x 2.5 x 6 = 135.0

           Fall 1997 15 x 2.5 x 17 = 637.5

Spring 1998 15 x 2.5 x 17 = 637.5

Summer 1998 (1st Session) 6 x 2.5 x 6 = 90.0

Total hours for 1997-98 FY 1500.0 This employees' work schedule would *not* satisfy the 1600 or more hours criteria for the fiscal year.

b. The adjunct faculty service immediately preceded eligible regular service.
c. Eligible employees included in paragraphs 3, 4, and 7 above shall receive their longevity payment as normally scheduled.
d. Eligible employees covered by paragraphs 5 and 6 shall receive their longevity payment upon returning to an active payroll status with the University.

C. Ineligible Service
1. The following types of service are not considered as eligible service when establishing an individual's longevity anniversary date:
   a. Part-time service (except as specified in previous sections) or service as a student employee.
   b. Temporary service unless such service is full-time and immediately precedes regular full-time service.
   c. Service with elementary or secondary (K-12) public schools.
   d. Periods during which the employee is on FMLA or non-FMLA leave of absence without pay except when the employee is on approved leave of absence without pay due to an on-the-job injury or illness and where the employee is receiving benefit payments from the State (as in item B.5. above).
   e. Services rendered in addition to the employee's regular duties, including the services of faculty for teaching summer school do not qualify as eligible service.
      1. Although such periods of service may immediately precede regular full-time service, they cannot be counted as eligible service in establishing the employee's adjusted longevity anniversary date.
      2. Exception: Such Service is included only if it is combined with other regular or adjunct service in the same fiscal year to determine the employee's eligibility for an adjustment under Section B.3.,

or B.12 above.

D. Rehiring Previous Employees
   1. When employing individuals with prior State service, the employee's adjusted longevity date will be established utilizing all eligible prior service.
   2. The adjusted longevity date will be used to initiate payments for current and subsequent fiscal years.

E. Transfers
   1. Employees who transfer from one State agency to another without a break in service are eligible for longevity compensation in accordance with their adjusted anniversary month.

Changes in Employment Status

A. Employees who change from regular part-time service of less than 1600 hours in a fiscal year, temporary or student status to regular full-time status or eligible regular part-time status become eligible to participate in the longevity pay plan.

B. Employees who change from regular full-time or eligible part-time positions to regular part-time service of less than 1600 hours in a fiscal year and are in the regular part-time status of less than 1600 hours at the time of their longevity anniversary date will not be eligible for longevity payments.

C. Eligible employees on an academic year pay base changing to a fiscal year pay base shall be eligible to continue receiving longevity payments and shall receive no change in service credit as a result of the transfer.

D. Eligible employees on a fiscal year pay base changing to an academic year pay base shall be eligible to continue receiving longevity payments and shall receive no change in service credit as a result of the transfer.

Faculty

A. Eligible faculty (other than those in Compensation Section) whose anniversary date is the beginning of the academic year shall receive their longevity payment in the last monthly payroll for the contract period.

B. Eligible faculty members (other than those addressed in Compensation Section) whose anniversary date is other than the beginning of the academic year shall receive their longevity payment when the anniversary date occurs in the regular scheduled payroll cycle for that date.

Leave of Absence

A. All employees who are on FMLA or non-FMLA leave of absence without pay are entitled to longevity payment on their adjusted longevity anniversary date upon return from said unpaid leave.

Termination of Employment

A. The following longevity pay regulations apply to persons who terminate their employment for any reason other than retirement:
   1. If a terminating employee has completed an additional year of creditable service for longevity payment purposes, and then the longevity payment shall be made. However, no pro-rata payment will be made for a partial year's service.
   2. Terminating faculty whose anniversary date is the beginning of the academic year and who are otherwise eligible, shall receive their longevity payment in the final month's payroll for the years' service provided that the entire academic year was served.

Retirement

A. Eligible retiring employees may receive their longevity pay if the longevity anniversary date occurs during their terminal leave period.

B. All retiring employees are eligible for longevity pay following the completion of one year of creditable service.

C. Faculty who retire after completing their responsibilities for the academic year are eligible for longevity pay in their final payroll for the academic year.

D. Due to the cost-of-living adjustment for retirement purposes, a 12-month employee with his/her longevity anniversary date as July 1, who plans to retire prior to June 30 must be in active pay status on June 29 in order to be eligible for longevity pay.

Revision Dates

APSU Policy 5:037 – Issued: February 2, 2017

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs

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Approved

President: signature on file