



DHRM POLICY 4.10, ANNUAL LEAVE

APPLICATION	Executive Branch full-time, quasi full-time, and part-time classified employees.
PURPOSE	It is the policy of the Commonwealth of Virginia to provide paid leave to employees for vacation or other personal purposes.
AUTHORITY & INTERPRETATION	Title 2.2 of the Code of Virginia The Director of the Department of Human Resource Management (DHRM) is responsible for official interpretation of this policy, in accordance with §2.2-1201 of the Code of Virginia. DHRM reserves the right to revise or eliminate this policy.
CODE OF VIRGINIA	N/A

POLICY HISTORY

EFFECTIVE DATE	DESCRIPTION
09/16/1993	Original publication of policy.
07/10/2004	Revised.
01/10/2023	Revised.
1/10/2026	Revised.

Agency Responsibilities

Agency Responsibilities	<ul style="list-style-type: none"> Agencies must maintain accurate and up-to-date leave records in sufficient detail that can be evaluated during an audit by appropriate officials. Payment for leaves of absence is an expenditure of Commonwealth funds. Therefore, records related to employee leaves of absence are subject to audit by the Auditor of Public Accounts, the State Internal Auditor, and the agency's internal auditor. Agencies should record in the human resources information system paid leaves of absence, as well as unpaid leaves of absence, that are greater than 14 calendar days.
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Accrual of Annual Leave



<p>Determining the Accrual Rate</p>	<p>All periods of salaried state service and/ or prior active-duty veteran’s service and some inactive duty in the military, National Guard or Reserves will count in setting the accrual rate. Counted service includes all:</p> <ul style="list-style-type: none"> • full or part-time salaried state service in positions covered and not covered by the Virginia Personnel Act; • salaried state service that is broken or consecutive; • prior active-duty veteran’s service and some inactive duty in the military, National Guard or Reserves <ul style="list-style-type: none"> ○ Veterans’ service credit is effective as of the date the required military documentation is received by the Agency’s Office of Human Resources. ○ Upon hire/rehire into a classified position as of 1/10/23 and thereafter, the employee’s annual leave accrual rate calculation includes all cumulative periods of salaried state service and/or active-duty veteran’s service and some inactive duty in the military, National Guard or Reserves. See Policy Guide. ○ Leave balances held prior to the receipt of the required military documentation are not adjusted based on the accrual rate established through the veterans’ service credit. <p>Generally, Leave Without Pay (LWOP) of more than 14 consecutive calendar days does not count as service. Adjustment of the leave service date is required to record such LWOP periods.</p> <p>The following types of LWOP do not require adjustment of an employee’s leave service date:</p> <ul style="list-style-type: none"> • Military Leave Without Pay (see Policy 4.50); • LWOP-Layoff if the employee returns to state service (see Policy 1.65); and • LWOP under Temporary Work Force Reduction (see Policy 1.65). 								
<p>Annual Leave Accrual</p>	<p>The accrual rate for annual leave, the maximum amount of accrued annual leave that an employee may carry over from one leave year (January 10 – January 9) to the next, and the maximum amount of annual leave payable upon separation from state service are determined as shown in the following chart.</p> <p>Full-time Classified Employees:</p> <table border="1" data-bbox="548 1717 1463 1850"> <thead> <tr> <th>Years of Service</th> <th>Pay Period Accrual Rate</th> <th>Maximum Carryover</th> <th>Maximum Payment</th> </tr> </thead> <tbody> <tr> <td>Under 5 years</td> <td>4 hours</td> <td>192 hours (24 days)</td> <td>192 hours (24 days)</td> </tr> </tbody> </table>	Years of Service	Pay Period Accrual Rate	Maximum Carryover	Maximum Payment	Under 5 years	4 hours	192 hours (24 days)	192 hours (24 days)
Years of Service	Pay Period Accrual Rate	Maximum Carryover	Maximum Payment						
Under 5 years	4 hours	192 hours (24 days)	192 hours (24 days)						



	5 – 9 years	5 hours	240 hours (30 days)	240 hours (30 days)
	10 – 14 years	6 hours	288 hours (36 days)	288 hours (36 days)
	15 – 19 years	7 hours	336 hours (42 days)	288 hours (36 days)
	20 – 24 years	8 hours	384 hours (48 days)	336 hours (42 days)
	25 years or more	9 hours	432 hours (54 days)	336 hours (42 days)
Timing and Rate of Accrual	<p>Quasi Full-time and Part-time Employees</p> <p>Quasi full-time employees must work at least 30 hours (75% of a 40-hour per week schedule) and part time employees must work at least 20 hours (50% of a 40 hour per week schedule) to earn annual leave and will accrue annual leave at a rate proportionate to the number of hours worked. Payout and Carryover rates for quasi full-time and part-time employees are not reduced proportionately but are based on total years of service.</p> <p><i>Example: A classified employee with three years of service credit who works 24 hour per week (60% of full time) will accrue 2.4 hours of leave (4 hours x 0.6) for each semi-monthly period of service.</i></p> <p>Payout and Carryover rates for employees in “Q” and “P” status are not reduced proportionately, but are based on total years of service</p> <p>Annual leave accrues at the end of the pay period on the 9th and the 24th of the month. It is credited to the employee and available for use on the first day of the next pay period. An employee must have worked or have been on paid leave for the entire pay period in order to accrue annual leave.</p> <p>New or rehired employees who start work on the first available workday after the start of a new pay period will be designated as having started work at the beginning of the pay period.</p> <p>When Annual Leave Does Not Accrue Annual Leave does NOT accrue in the following situations:</p> <ul style="list-style-type: none"> • during any semi-monthly pay period when: <ul style="list-style-type: none"> ○ the employee is on leave without pay (including leave sharing), or ○ no work is performed by the employee (e.g., 9-10-11-month employees in their non-working times); 			



	<ul style="list-style-type: none">• after 90 consecutive calendar days of leave with pay, regardless of the type of leave to which the absence is charged, including short-term disability (STD) under the Virginia Sickness and Disability Program (VSDP), Policy 4.57. A return to work for a full pay period interrupts the count of 90 consecutive calendar days of leave with pay. If another period of Leave With Pay occurs, a new 90-day period begins, and the employee resumes leave accrual;• when an employee is suspended (LWOP) pending the results of an official investigation or of court action or placed on disciplinary suspension (see Policy 1.60, Standards of Conduct), except that:<ul style="list-style-type: none">○ if a suspension extends into a second pay period, accrual of annual leave shall resume in the second pay period unless the period of suspension exceeds 15 calendar days; and○ if a suspension extends into a third pay period, accrual of annual leave shall resume in the third pay period.• when an employee is on Leave Without Pay-Layoff or Temporary Work Force Reduction non-working status. when the employee is in non-working Long Term Disability (LTD) status through VSDP. <p>Note: The period of layoff (up to 12 months) is credited as service for establishing the accrual rate when the employee returns to state service (see Policy 1.30, Layoff); and the period of Military Leave Without Pay is credited as service for establishing the accrual rate when the employee returns to state service (see Policy 4.50).</p>
Employees on STD	<p>STD is a paid leave status. Employees continue to accrue annual leave at the pre-disability rate for up to 90 consecutive calendar days.</p> <p>NOTE: Employees who are working with restrictions or modifications while on STD continue to accrue their pre-disability rate of annual leave. If these employees subsequently stop working and return to non-working STD, annual leave will continue to accrue for 90 calendar days.</p>
Employee on LTD-Working	<p>Employees accrue annual leave during LTD–Working status. The rate of accrual is determined by the employees’ years of state service and percentage of hours worked. <i>Example: An</i></p>



	<p><i>employee with 12 years of service is working 32 hours per week (80% of a 40-hour schedule) on LTD–Working status. His leave accrual rate is 4.8 hours per pay period (6 hours x 0.8).</i></p>
Carryover and Payment Limits	<p>Unused accrued annual leave may be paid to the employee when he or she separates from state service and in cases of certain changes in status as outlined in this policy. The chart above shows the maximum amounts of accrued annual leave that may be paid.</p> <p>Unused accrued annual leave may be carried forward from one year to the next (on January 10) only up to the maximum amounts stated above.</p> <p>Agency Heads may grant an exception to the limit of accrued annual leave that may be carried over into the next year; however, the approval of excess carryover leave must not be a standard or routine practice within the agency. Exceptions can be approved under the following circumstances:</p> <ul style="list-style-type: none">• when employees have not been allowed to use their leave because of agency work demands over a substantial period of time. Such exceptions shall be given in writing and indicate the time frame during which the employee must use the additional leave time.• Agencies are not obligated to award the full amount of leave exceeding the carryover limit. The maximum excess carryover leave is limited to 80 hours.• The excess leave must be used within six months and cannot be carried over into the next leave year. <p>Leave payout and annual leave carryover maximums will include the months of service applied to the annual leave accrual eligibility date.</p>
Accruing Military Bank Leave	<p>At the end of the leave year (January 10 – January 9), a full-time state employee who is a member of the organized reserve forces of any of the armed services of the United States or of the Virginia National Guard may carry forward accrued annual leave hours without limitation. These hours above the normal carryover limits will be designated as Military Bank leave and held for use only during periods of active military duty as provided by the Code of Virginia, § 2.2-2903.1. (See Policy 4.55, Military Leave.)</p>



	<p>Military Bank hours shall transfer with the employee from one full-time state position to another. Upon termination of state employment, any remaining Military Bank leave is forfeited. Military Bank leave is not paid out, and it may not be converted to Annual Leave or any other leave type.</p> <p>To qualify to accrue Military Bank leave, the employee must:</p> <ul style="list-style-type: none">• be designated as MR (military reserve) or NG (National Guard) in his or her official record in the human resources information system, and• submit a completed Application for Military Leave Bank certifying eligibility to accrue Military Bank leave.
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REQUESTING AND USING LEAVE

Requesting and Using Leave	<p>Employees cannot use annual leave until it is accrued. Hours accrued in one pay period are available for use the following pay period.</p> <p>Annual leave may be provided to employees in advance as an Exceptional Recruitment and Retention Incentive Option. See Policy 2.10, Hiring, Policy 3.05, Compensation, and section on Leave as an Incentive Option, below.</p>
Agency Approval	<p>Employees must request and receive approval from their supervisors prior to taking annual leave. Employees should make their requests for leave as far in advance as possible. When practical, and for as long as the agency's operations are not adversely affected, an agency should attempt to approve an employee's request for annual leave. However, supervisors may deny the use of annual leave because of agency business requirements. Approval of leave may be rescinded if the needs of the agency change.</p> <p>Written (including within the human resources information system) requests and approvals for annual leave are recommended to provide documentation.</p> <p>If an employee could not have anticipated the need for a leave of absence, the employee should request approval for the leave as soon as possible after leave begins. In reviewing the request for</p>



	<p>approval, the agency should consider all relevant matters, including</p> <ul style="list-style-type: none">• the circumstances necessitating leave, whether the employee should have anticipated the need, and• the promptness with which the employee contacted the agency. <p>Agencies may establish additional procedures consistent with this policy. Employees should request leave in compliance with their agencies' procedures. Leave not requested in accordance with agency procedures may be denied.</p>
Schedule Adjusting	<p>An employee taking approved annual leave may be asked to work additional hours on his or her day off. With the approval of the employee, the agency can substitute the additional hours worked for the annual leave hours, thus reducing or eliminating the need to use the employee's annual leave.</p> <p>The intent of this provision is to give mutually beneficial flexibility to the employee and agency. It is not intended that employees be prevented from appropriate use of annual leave.</p>
Unapproved Leave	<p>When an employee takes leave time that was requested but not approved, the employee will be subject to the following agency actions:</p> <ul style="list-style-type: none">• the absence will be designated as unauthorized;• the employee will not be paid for the time missed;• because the employee has experienced Leave Without Pay, he or she will not accrue annual or traditional sick leave for the pay period(s) when the absence occurred; and• the agency may also take disciplinary action under Policy 1.60, Standards of Conduct.
Suspension Pending Criminal Investigation or Outcome of Court	<p>Employees who are on suspension pending criminal investigation or outcome of court proceedings, employees may use annual leave to continue receiving pay.</p>
Leave on Last Workday	<p>Employees may request and, if approved, use annual leave on their last scheduled workday before separation from state service, including retirement. Annual leave balances remaining after separation will be paid up to the maximum as provided in this policy.</p>



Using Annual Leave While Receiving VSDP Benefits	Annual leave may be used to receive full pay during periods of STD or LTD-Working disability benefit of less than 100% (hour for hour). See Policy 4.57, Virginia Sickness and Disability Program.
Leave Sharing	Employees may donate from their accrued annual leave balance to other employees who are eligible to receive the donation according to the criteria and procedures in Policy 4.35, Leave Sharing. Donations are typically in 8-hour increments. However, agencies have the authority to designate lower amounts they will accept.
Workers' Compensation	An employee in the Traditional Sick Leave program may use annual leave or other appropriate leave to supplement Workers' Compensation benefits in order to receive his or her full salary upon completion of receipt of 92 days of agency supplement. See Policy 4.60, Workers' Compensation.
Leave Accrued, Used or Paid in Error	<p>Each employee is accountable for knowing his or her correct leave balance and accrual rate. The failure of an agency's systems or errors by responsible employees does not remove that responsibility. If it is discovered that an employee has accrued or used annual leave in excess of the amount to which he or she was entitled, the incorrect balances will be corrected, and the employee may be required to repay the agency for leave taken in error. Repayment may be made by:</p> <ul style="list-style-type: none">• deducting the excess hours from the employee's current leave balance, if adequate;• deducting from future accruals until the amount of overuse is repaid;• deducting the equivalent value of the leave time from the employee's pay over a time deemed reasonable by the agency head or designee; or• a combination of methods as deemed appropriate by the agency head or designee. <p>A written repayment agreement is required. If the employee does not complete repayment before separating from state service, the outstanding amount may be deducted from the final salary or leave payment.</p>



CHANGES IN STATUS

From Classified to Classified Position	An employee who is transferred, promoted, or demoted from one classified position to another classified position in the same or a different agency retains his or her accrued annual leave balance and accrual rate.
From Classified to Non-Classified Position	<p>An employee who transfers from a classified position to a non-classified position must be paid in a lump sum from the original agency up to the allowable maximum for his or her annual leave balance. However, if the agency with the non-classified position agrees to accept the leave balance, it may be transferred.</p> <p>An employee who moves from a classified position to an “at will” position will be paid for their accrued annual leave balance up to the maximum payout amount for their years of service. The payment rate is based on the employee’s last salary in the classified position. Payment is made by the last agency where the employee had the classified service.</p>
From Non-Classified to Classified Position	<p>Leave balances accrued by salaried employees in non-classified state positions may be transferred when the employee moves to a classified position only if:</p> <ul style="list-style-type: none">• the leave was accrued at the same (or lower) rate as classified employees accrue; and• the receiving agency chooses to accept the accrued balance.
Reducing Work Hours	Current leave balances will be retained when an employee reduces work hours and continues in a classified status. An employee’s accrual rate will change in proportion to his or her reduced work hours.
Short-Term Disability	Short-Term Disability (STD) is a paid leave status. Employees continue to accrue annual leave at the pre-disability rate for up to 90 consecutive calendar days. Employees who are working with restrictions or modifications while on STD continue to accrue their pre-disability rate of annual leave. If these employees subsequently stop working and return to non-working STD, annual leave will continue to accrue for 90 calendar days.



	<p>Annual leave balances are retained and may be used according to VSDP guidelines to supplement salary.</p>
Long-Term Disability Working	<p>Employees accrue annual leave during LTD–Working status. The rate of accrual is determined by the employee’s years of state service and percentage of hours worked.</p> <p>Example: An employee with 12 years of service is working 32 hours per week (80% of a 40-hour schedule) on LTD–Working status. His leave accrual rate is 4.8 hours per pay period (6 hours x 0.8).</p> <p>Employees in LTD-working status retain their annual leave balances and may use them to supplement the disability benefit up to the employee’s pre-disability salary.</p>
Long-Term Disability	<p>Employees who participate in the Virginia Sickness and Disability Program must be paid up to the maximum allowed for any annual leave hours remaining when beginning Long-Term Disability (LTD) status. See Policy 4.57, Virginia Sickness and Disability Program.</p>
Leaving State Service	<p>Employees will be paid for their accrued annual leave balance not to exceed the maximum payment amount when separating from state service by resignation (including resignation from layoff status), retirement, termination or death. See Policy 1.70, Separation from State Service.</p> <p>Payment at an employee’s death shall be made to the Administrator or Executor. If there is no Administrator or Executor of the employee’s estate, payment shall go to the surviving spouse, or if none, to the next of kin in accordance with §64.1-123 of the Code of Virginia.</p>
Rescinding Resignation	<p>The agency may choose to accept an employee’s request to rescind his or her resignation within 30 calendar days of separation. If the agency accepts the request to rescind the resignation the human resources information system transaction should be changed to reflect a leave without pay for the period of separation; thus, the employee will not experience a break in service. Upon agency approval an employee may use appropriate accrued leave to cover the absence.</p>



	<p>If the employee received payment for annual leave, he or she may recover the accrued balance and any additional leave that was over the maximum payout amount by reimbursing the agency the amount of payment received at separation. Balances will not be restored until full payment has been made.</p>
Return or Reinstatement	<p>If an employee leaves classified state service and is paid for his annual leave balance, then returns to a classified position within 180 calendar days, he may buy back the annual leave by reimbursing the full amount he received to the agency that paid him. The amount of annual leave restored will not exceed the maximum payout amount.</p> <p>Additionally, if:</p> <ul style="list-style-type: none">• an employee returns to a classified position within 180 calendar days of the beginning of Long-Term Disability, he can buy back the annual leave for which he was paid by reimbursing the full amount; or• if an employee returns from leave within 180 calendar days of receiving payment for his annual leave balance while on LWOP he can buy back the annual leave for which he was paid by reimbursing the full amount received. <p>Payment may be by lump sum or according to a payment schedule set by the agency head. Such leave is not available for use until full reimbursement has been made.</p>
Reinstatement After a Grievance	<p>When an employee has been reinstated to state service as a result of a grievance determination, the employee may have his or her annual leave balance restored by repaying the amount the agency paid him or her for annual leave.</p> <ul style="list-style-type: none">• Balances will not be restored until the full payment has been made.• If the employee is awarded reinstatement back to the date of termination or suspension, the employee will receive any annual leave accruals he or she would have received during that time period and the timeframe will not result in a break in service.



IMPACT OF LEAVE WITHOUT PAY ON ANNUAL LEAVE BALANCES

Suspensions	<p><u>Suspension pending investigation or court action:</u> If the investigation results in no disciplinary action, any annual leave applied to the period of suspension shall be reinstated and any accruals not received will be credited to the employee's annual leave balance.</p> <p><u>Disciplinary suspension:</u> Disciplinary suspensions under Policy 1.60, Standards of Conduct, are without pay. Employees may not use annual leave to avoid pay loss during a disciplinary suspension.</p>
Military Leave	<p>When an employee goes on Military Leave, all or part of annual leave balances may be:</p> <ul style="list-style-type: none">• applied to the period of absence due to military service to continue paid status;• paid up to the allowable payment amount at the time of placement on leave without pay; and/or• retained until reinstatement from military leave. <p>Agencies may approve requests for payment of annual leave from employees who originally chose to retain their balance but then request payment while on Military Leave. See above for annual leave hours that have been retained as Military Bank Leave and Policy 4.50, Military Leave.</p>
Workers' Compensation	<p>After the state provided supplement ends and employees have exhausted remaining leave balances, the employee should be placed on LWOP-Workers Compensation. Annual leave accruals will cease if they have not already ended. See Policy 4.60, Workers' Compensation.</p>
Other Leaves With or Without Pay	<p>Employees may choose to retain their maximum allowable accrued annual leave or to be paid in a lump sum when they begin:</p> <ul style="list-style-type: none">• educational leave with full or partial pay;• Leave Without Pay–Layoff; and• any other conditional or unconditional leave without pay for a period exceeding 3 calendar months.



Temporary Workforce Reduction	Annual leave is retained during periods of Temporary Work Force Reduction (TWFR) and may be used only for scheduled work times during a TWFR (see Policy 1.65). Annual Leave may not be used to restore the employee's salary to 100%.
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LEAVE AS AN INCENTIVE OPTION

Leave as an Incentive Option	When an agency has identified positions that are critical to the agency mission and for which the agency has significant difficulty attracting or retaining qualified employees, the agency may provide certain annual leave benefits as incentives for prospective employees new to state employment to accept state employment or for current employees to continue in their positions. Agencies must receive approval for these actions. See Policy 2.10, Hiring and Policy 3.05, Compensation.
Additional Leave	An agency may provide up to 30 days (240 hours) of annual leave during a leave year to a new employee as an incentive to accept employment or to a current employee as an inducement to continue with the Commonwealth.
Advance Availability of Leave	An agency may advance up to 30 days (240 hours) of annual leave against future accruals during a leave year to a new employee as an incentive to accept employment or to a current employee as an inducement to continue with the Commonwealth.
Treatment of Incentive Leave under this Policy	Leave provided for recruitment and retention purposes is not subject to the carryover limits of this policy but is subject to the payment limits and status change provisions outlined above.
Payment of Annual Leave as an Incentive	Agencies may negotiate to pay a specified amount of accrued annual leave as a retention incentive. Employees should be encouraged to retain a balance of leave time for future use. The written agreement with the employee should include details of the payment agreement and any obligations incurred by the employee.
Formal Agreement	When an agency implements one of these annual leave incentives, a formal written agreement must be executed with



	<p>the employee. This agreement must include, at a minimum:</p> <ul style="list-style-type: none"> • a requirement for satisfactory performance; • the required length of employment; • an outline of repayment terms if the time and/or performance requirements are not met. <p>The agency may include other conditions or requirements as appropriate, see Policy 2.10, Hiring and Policy 3.05, Compensation. The Office of the Attorney General should review and approve a template of the agreement before it is offered to prospective or current employees.</p>
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GLOSSARY

Accrual Rate	The rate at which an employee earns annual leave. This sum is prorated by the percentage of hours worked in a 40-hour workweek.
Accrual Rate for Veterans eff January 23, 2023	The rate is based on the years of salaried state service added to service in the military, National Guard or Reserve. This sum is prorated by the percentage of hours worked in a 40-hour workweek.
Annual Leave	Paid time off accrued by employees and available for personal use as approved by agency management.
Classified Employee	Term used to identify employees in positions covered by the Virginia Personnel Act. See Policy 2.20, Types of Employment.
Leave Eligibility Service Date	Date used in the human resources information system to calculate state service for annual leave and other purposes. This date is adjusted to account for periods of broken service and Leave Without Pay (LWOP.)
Leave Year	Period from January 10 through January 9.
Maximum Carryover	The unused accrued annual leave balance an employee may carry from one leave year into the next.



Maximum Payment	The unused accrued annual leave for which the employee may receive payment upon separation or certain other status changes.
Service in the military, National Guard or Reserves	Includes all periods of active and some periods of inactive service in the military, National Guard or Reserves. See Policy Guide .
State Service	Includes all periods of salaried state service in all branches of state government.
Veteran	Any person who has received an honorable discharge and (i) has provided more than 180 consecutive days of full-time, active duty or inactive duty service in the armed forces of the United States or reserve components thereof, including the National Guard, or (ii) has a service-connected disability rating fixed by the United States Department of Veterans Affairs.