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Annual Leave Carryover – Best Practices for Agencies

[DHRM Policy 4.10, Annual Leave](#) (page 3) establishes the parameters for Annual Leave accruals and the maximum carryover and payout amounts of existing balances. The policy further provides that *Agency Heads may grant an exception to the limit of accrued annual leave that may be carried over into the next year when employees have not been allowed to use their leave because of agency work demands over a substantial period of time.* Best practices associated with this exception include:

- The approval of excess carryover leave must not be a standard or routine practice within the agency.
- Carryover extensions are not applicable for employees who fail to request or use leave of their own accord. Agencies must confirm that the justification for the excess carryover is linked to business demands. This may be confirmed by reviewing leave requests that were declined by supervisors or via documented instructions issued by Agency management advising that leave approvals will be denied for a substantial period within the leave year due to business demands and/or staffing concerns.
- Agencies are not obligated to award the full amount of leave exceeding the carryover limit. DHRM encourages agencies to establish a practice of limiting the excess carryover approvals to no more than 80 hours.
- Excess carryover leave is not eligible for additional carryover to the next leave year. Policy 4.10 clearly states that excess carryover exceptions shall be noted in writing and must indicate the timeframe during which the employee must use the additional leave time. Management should establish a reasonable time limit within the leave year such as three to six months. Employees granted additional time to use the excess carryover leave should meet with their supervisors and schedule their leave usage within the designated timeframe approved for the excess carryover leave.
- In accordance with Policy 4.10, Annual Leave, agencies must adhere to the established payout limits when employees separate or retire from state government.
 - Extended leave approvals may require the agency to expend funds for dual incumbency or to pay other staff to provide services. During this period of extended leave usage, the employee continues their eligibility for short-term disability claims or other benefits. Agencies are encouraged to notify employees to use their leave intermittently throughout the year to avoid disruptions to service and unnecessary expenditures for the Agency when the employee separates.
- There is no provision in state policy to “cash out” excess carryover leave balances. This option was available for a limited and temporary period to address significant leave overages resulting from special business needs related to COVID.

Questions related to carry over and leave balances in excess of the payout maximums may be directed to policy@dhrm.virginia.gov.