Converting Between Academic-Year and Fiscal-Year Appointments

Academic employees sometimes change their appointment types, from academic-year (AY or nine-month) appointments to fiscal-year (FY or 11-month) appointments, as they adopt administrative responsibilities. This note reviews three technical intricacies associated with these conversions: salary rates, vacation accrual, and balance of contract.

Salary conversion rates. UniReg 173.II.3.b.iii establishes the standard salary conversion rate between academic-year and fiscal-year appointments as follows:

Conversion from a full time fiscal year appointment to an academic year appointment: the annual salary rate multiplied by 0.833

Although the number 0.833 may seem arbitrary, and the UniReg doesn’t say anything about its origin, there is some reasonable justification for it:

1. An employee on an FY contract works throughout the year, accruing 22 vacation days per year and taking holidays at Independence Day, Labor Day, Thanksgiving, Christmas, New Year, and Memorial Day. Roughly speaking, FY employees earn their salary by working about 9/10 of all weekdays during the year.
2. An employee on an AY contract works nine months out of 12, with no vacation accrual and no formal tracking of holidays. In other words, roughly speaking, AY employees earn their base salary over 3/4 of all weekdays during the year.
3. With these estimates, the ratio of AY workdays to FY workdays is (3/4)/(9/10) = 5/6.
4. The number 0.833 is the ratio that a person would get by adopting the same reasoning, using a calculator instead of fifth-grade arithmetic and rounding to three significant digits.
5. The reciprocal rate, reflecting conversion from an AY to an FY appointment, is 6/5, or 120 percent. So AY-to-FY conversions result in a 20 percent increase.

It requires only modest quantitative skills to rationalize several other possible conversion rates, using different reasoning. People often try to do so when it is to their advantage. For example, people accepting administrative appointments often argue for AY-to-FY conversion rates larger than 6/5. Interestingly, they seldom insist on using the reciprocals of those larger rates at the time of the subsequent FY-to-AY conversion, since the resulting conversion rates would be smaller than 5/6, resulting in an AY salary smaller than that prescribed by UniReg 173.

To ensure consistency, it is standard policy to use the conversion rate embedded in the university’s regulations. There is one exception: when the AY-to-FY conversion is associated with a change in duties, it is possible to offer salary different from 6/5 of the old one, to accommodate the new job responsibilities. However, FY-to-AY conversions must be at the UniReg-prescribed rate, whether or not the duties change.

Vacation accrual. UniReg 173.I.3.f also governs the use of accrued vacation by employees stepping down from FY appointments:

A faculty member or University officer accepting an appointment to a position which is not eligible for accrual of vacation leave shall utilize accrued vacation leave credits prior to the effective date of the new appointment.
It is useful to include a reminder of this regulation in any letter of appointment that involves an AY-to-FY conversion, to avoid conflicts over the matter at the end of the FY appointment.

**Balance of contract.** In their September – May paychecks, AY employees receive 3/4 of the salary they earn during the academic year. They receive the remaining 1/4, called the balance of contract (BOC), during the three months of the following summer. This arrangement ensures that the employees continue to receive health-insurance coverage and other benefits during the summer. But it is sometimes a source of confusion.

The confusion is minimal in AY-to-FY conversions. Whenever the employee makes the conversion, he or she receives any accumulated BOC either as a lump sum or spread over the next two months. For example, an employee making an AY-to-FY conversion at the start of spring semester has accumulated half of a year’s BOC, which is 1/8 of the AY salary. If the employee chooses to receive the amount as a lump sum, 1/8 of the former AY salary will appear in the January paycheck, along with the salary earned as an FY employee.

The confusion can be worse with FY-to-AY conversions, because the FY appointment generates no BOC. For example, if the FY-to-AY conversion occurs a month before the end of spring semester, the employee will accrue only a month’s worth of BOC, or \((1/9) \times (1/4) = 1/36\) of the new AY salary. This amount will appear spread out in three paychecks — each containing \((1/3) \times (1/36) = 1/108\) of the new AY salary — during the following summer. To many employees, paychecks of this size would cause distress.

To avoid this problem, it is good practice to make FY-to-AY conversions only at the start of fall semester, so that the employee will accumulate enough BOC during the academic year to allow for full paychecks the next summer.