

# Paid Time Off (PTO) Policy

PA/SS 10.6

**Revised (Revisions will become effective August 23, 2009)**  
**Changes indicated in red font.**

## **A. Covered Employees:**

This policy applies to Professional Staff employees.

## **B. Purpose:**

As a component of total compensation, this policy is to provide covered employees with a structured benefit plan for the receipt of pay during certain periods of personal time away from work.

Indiana University believes that full-time employees should be afforded a reasonable time away from work to conduct personal affairs and to have a break from the demands of the work place. Managers are encouraged to support this purpose by anticipating paid time-off in formulating organizational structures and work schedules.

Positions exempt from the Fair Labor Standards Act (FLSA) overtime provisions (Professional Staff classified as PAE) are paid a salary for accomplishing goals and time worked is not tracked for purposes of computing overtime. Managers of PAE Staff have significant flexibility to approve alternative work schedules that do not impact the Paid Time Off benefit plan. For example, when a PAE classified employee works a full weekend to accomplish a goal, management has flexibility to approve alternative days off during the week, in lieu of weekend days. Federal FLSA regulations require that the time worked of overtime-eligible Professional Staff (PAO and PAU) be tracked on an hourly basis.

**PAE employees in executive level positions are** expected to work or be available for work well beyond the normal work week.

## **C. Introduction**

1. Several types of personal time away from work are covered by this single benefit plan, including vacation time, personal or family sickness, attendance at a funeral, and other personal affairs.
2. **PAE employees are paid monthly and** accrue a certain number of Paid Time Off (PTO) hours at the end of each month, which can be used in following months, based on the below policy provisions.
3. **PAO and PAU employees are paid biweekly and accrue a certain number of Paid Time Off (PTO) hours at the end of each biweekly pay period, which can be used in following pay periods, based on the below policy provisions.**

4. Employees and their managers are responsible for recording PTO usage and all other time-off from work not covered by PTO, e.g., jury duty, absent without pay, etc.

#### D. PTO Accruals

1. PTO accruals are based on the following tables, subject to the below provisions:

##### PAE Staff

University Service	PTO Accrual	Annual Equivalent Accrual
Up to the first 60 months	20 hours per monthly pay period	240 hours
On and After 60 months	24 hours per monthly pay period	288 hours

##### PAO and PAU Staff

University Service	PTO Accrual	Annual Equivalent Accrual
Up to the first 60 months	9.24 hours per biweekly pay period	240 hours
On and After 60 months	11.08 hours per biweekly pay period	288 hours

2. When PTO is accrued:
  - a. For PAE Staff, PTO is accrued at the end of the last work day of the month and is available to use on the first workday of the next monthly pay period.
  - b. For PAO and PAU Staff, PTO is accrued at the end of the biweekly pay period and is available to use on the first workday of the next biweekly pay period.
3. Accruals at the beginning and end of employment:
  - a. For PAE Staff, in the first and last month of employment, the amount of PTO accrued is prorated based on the number of work days in pay status in that month.
  - b. For PAO and PAU Staff, in the first and last biweekly pay period, the amount of PTO accrued is prorated based on the number of hours in pay status in that pay period.
4. Part-time employees accrue a prorated amount of PTO according to their standard hours.
5. Staff *do not* accrue PTO for the following time periods:
  - a. A formal leave of absence
  - b. A temporary or permanent reduction in force
  - c. An absence without pay
6. Accrual of PTO based on amount of time in pay status.
  - a. For PAE Staff, the amount of PTO accrued in a monthly pay period is prorated based upon the amount of time in pay status in the month.
  - b. For PAO and PAU Staff, the amount of PTO accrued in a biweekly pay period is prorated based upon the amount of time in pay status in the pay period.
7. Increase in PTO accrual rate at 60 months of University service:

- a. PAE Staff begin to accrue 24 hours per monthly pay period at the end of the month in which the 60th month of University service is completed.
  - b. PAO and PAU Staff begin to accrue 11.08 hours per biweekly pay period at the end of the pay period in which the 60<sup>th</sup> month of University service is completed
8. "University service" includes service as an Hourly with PERF and any other Staff or Academic employee appointment eligible for benefits.

## E. PTO Usage

1. When PTO may be used:
  - a. For PAE Staff, PTO may only be used after the end of month it is accrued. PTO accrued in a month can not be used in the month in which it is accrued.
  - b. For PAO and PAU Staff, PTO may only be used after the end of the biweekly pay period in which it is accrued. PTO accrued in a biweekly pay period can not be use in the pay period in which it is accrued.
2. Employees cannot "borrow" future accruals of PTO with one exception. A new employee may borrow PTO needed to cover a department's closing between Christmas and New Year holidays if the employee has not accrued enough PTO to cover the closing.
3. Maximum usage of PTO in a year.
  - a. For PAE Staff, the maximum usage of PTO in a calendar year is equal to 240 hours or 288 hours prorated by their FTE. If an employee's FTE changes during the year, the maximum usage of PTO in that year is based on the higher FTE. Employees may use 288 hours in the year in which the 60th month of University service is completed.
  - b. For PAO and PAU Staff, the maximum usage of PTO in the 26 consecutive biweekly pay periods beginning with the pay period in which January 1<sup>st</sup> falls and continuing through the last full pay period in December is equal to 240 hours or 288 hours prorated by their FTE. If an employee's FTE changes during the year, the maximum usage of PTO in that year is based on the higher FTE. Employees may use 288 hours in the year in which the 60th month of University service is completed.
  - c. The following leaves do not count toward this annual PTO usage limit:
    1. PTO taken as part of a FMLA leave of absence (See the FMLA policy.)
    2. PTO taken to cover military training
4. Staff can elect to use PTO to cover military training not covered by the provisions of the Leaves for Military Duty policy.
5. Staff can use PTO for funeral attendance and activities related to the funeral.
6. For PAE Staff:
  - a. PTO accruals must be taken in full-day increments of 8 hours per day unless used to cover a reduced work schedule authorized under an FMLA leave of absence or a Worker's Compensation covered absence under which PTO can be charged on an hour basis. (See the FMLA policy or the On-the Job Injury policy for more information.)
  - b. A PAE employee off from work on PTO who engages in incidental work activities from home or elsewhere through email, telephone, or other

communication devices, or who makes a short visit to the office, is still to charge the day to PTO

7. For PAO and PAU Staff:
  - a. PTO accruals must be taken and recorded in exact number of hours, including tenths of hours. If the employee does not have sufficient PTO accumulated to cover an absence, the balance of the day is absent without pay. (Partial pay for a day is permitted under the FLSA for PAO and PAU Staff.)

## **F. Approvals for Usage**

1. Employees must have supervisory approval to use PTO, except as noted below.
2. Employees who encounter a personal or family illness or an emergency may charge the time off to PTO. The employee must notify the supervisor as soon as possible as to the reason for the time off and the expected time of return. The employee may be required to provide documentation on the nature and circumstances of the absence.
3. A department head may approve a request for time off without pay even if the employee has PTO available to cover all or part of the absence. There are two cases in which there are restrictions affecting this department head option:
  - a. Employees are not permitted to take FMLA covered absences off without pay if they have paid time off available. (*See the FMLA policy for details.*)
  - b. Employees have the choice to use or not use PTO for absences under the Leaves for Military Duty policy. (*See the Military Leave policy for details.*)
4. If two or more employees request time off for the same time period, and the department's staffing needs do not allow both employees to be off, the person with unit seniority is generally given preference. However, if a supervisor has previously given permission to a less senior employee for the same time period, that employee's request is honored.
5. It is management's responsibility to monitor attendance and the accurate recording of time, including partial day absences, and to address unacceptable patterns through the processes of the Corrective Action policy.

## **G. Recording PTO Usage**

1. The process for recording PTO must contain the following provisions at a minimum.
  - a. PAE Staff are to record PTO usage at least monthly and PAO and PAU Staff are to record PTO usage at least weekly.
  - b. The use of PTO is to be maintained on a university-provided record.
  - c. At the end of each month for PAE Staff and at the end of each **biweekly pay period for PAO and PAU Staff**, the supervisor and employee are to review the record to confirm its accuracy **and** make any necessary corrections.

## **H. Year–End Unused PTO Accrual Balances**

1. Up to the annual equivalent accrual amount of PTO may be carried over into the following year:
  - a. Employees with fewer than 60 months of university service may carry over 240 hours.

- b. Employees with 60 months or more of university service may carry over 288 hours.
  - c. Employees may carry over 288 hours at the end of the year in which the monthly accrual rate increases to 24 hours **for PAE Staff and the biweekly accrual rate increases to 11.08 hours for PAO and PAU Staff.**
2. Carryover amounts are recorded as beginning PTO balances for the new year. Such balances do not increase the annual allowance for the new year, but do allow Staff to use the time earlier in the year.
  3. Up to 96 hours of unused PTO may be allocated to Sick Leave account; see the below provision.
  4. Unused year-end PTO accruals that can not be carried over into the next year or allocated to the Sick Leave account are forfeited.

### **I. Sick Leave Account**

1. At the end of each year, full-time (100% FTE) employees may allocate up to a maximum of 96 hours of unused PTO to a sick leave account. Part-time employees may allocate a portion of this amount, prorated by their FTE percent. There is no limit on the total amount of time an employee may have in her or his sick leave account.
2. Employees may use time from their sick leave account to cover personal or family illness or Worker's Compensation supplemental pay. Managers may require confirmation of illness or injury through a licensed physician's statement. Persons qualifying as family include the following:
  - a. A spouse as defined by Indiana law, or same sex domestic partner as qualified by the university's Affidavit of Domestic Partnership
  - b. An unmarried child at home including the child of the same sex domestic partner
  - c. Relatives of the employee, spouse, or same sex domestic partner who are living with the employee
  - d. Parents, children, grandparents, grandchildren, brothers, sisters and relatives of the spouse or same sex domestic partner of the same degree who are solely dependent on the employee for emergency care.
3. Employees may use time from their sick leave account to cover funeral attendance.
4. For PAE Staff:
  - a. Sick leave account time must be taken in full-day increments of 8 hours per day unless used to cover a reduced work schedule authorized under a FMLA leave of absence or a Worker's Compensation covered absence under which sick leave account time can be charged on an hour basis. (See the FMLA policy or the On-the Job Injury policy for more information.)
5. For PAO and PAU Staff:
  - a. Sick leave account time must be taken and recorded in exact number of hours, including tenths of hours. If the employee does not have sufficient sick leave account time accumulated to cover an absence, PTO is to be used. If this is not sufficient, the balance of the day is absent without pay. (Partial pay for a day is permitted under FLSA for PAO and PAU staff.)

### **J. Effect of Classification Changes (promotion, demotion, transfer, or reclassification)**

1. Within the PA Classifications (PAE, PAO, PAU)
  - a. Existing PTO and sick leave account balances carry forward. The rules of the time off plan identified with the salary plan for the new classification will then be applied for usage.
2. From the PB time off plan to the PTO plan for PA Staff
  - a. The balance of sick leave time is transferred into a sick leave account.
  - b. The balance of vacation time and bonus holidays -- up to the maximum amount allowed in the new plan -- is transferred into a PTO account. This amount serves as the beginning balance.
  - c. The balance of any Honorary vacation is transferred to an Honorary vacation account. No additional Honorary vacation is earned. With supervisory approval, 100% FTE staff may use up to a maximum of 60 of the Honorary vacation days per year. Part-time employees may use a portion of this amount, prorated by their FTE percent. This limit does not apply to use of Honorary vacation for a FMLA leave of absence.
  - d. The rules of the time off plan associated with the specified salary plan will then be applied for accruals and usage.
3. From a Support and Service Staff position to a Professional Staff position
  - a. The balance of sick leave time is transferred into a sick leave account.
  - b. The balance of vacation time is transferred into a PTO account. This amount serves as the beginning balance.
    - i. If the balance exceeds the maximum usage amount allowed, the excess time is carried over as PTO, but it must be used or transferred to the sick leave account by the end of the following year or it is forfeited. The limit on the maximum usage of PTO in a year is waived during this period subject to scheduling with management. The 96 hour maximum amount of PTO that can be transferred to the sick leave account is waived at the end of the first year and the end of the following year.
  - c. Holiday time not yet used is transferred.
4. From a Professional Staff position to a Support and Service Staff position
  - a. The PTO balance is transferred to a vacation time account.
  - b. The sick leave account balance is transferred to an income protection time account.
  - c. Any previously accrued Honorary vacation is transferred to the vacation time account.
5. From an Academic, full-time, 10 or 12 month, appointment to a Professional Staff position
  - a. The balance of vacation (up to a maximum of 22 days, 176 hours) is transferred into a PTO account. The employee's academic unit is to certify to Payroll the amount of vacation time to transfer. This amount serves as the beginning balance.
  - b. A beginning balance in the sick leave account is established based on one-half day of sick leave for each month of university service credit.
6. From a Professional Staff position to an Academic appointment

- a. PTO and sick leave account balances do not transfer to an Academic appointment. Accumulated time off is paid in accordance with the Separation Pay policy.

#### **K. Payment of Unused Accruals Upon Termination**

1. All PTO accrued and unused at the end of the last day of employment is paid.
2. Some Professional Staff on the PA time off plan receive separation pay for accrued sick leave account hours. To be eligible, the employee must separate with IU Retiree status, be covered by PERF or the IU Retirement 11.25% Plan, and have more than 152.0 sick leave account hours. Eligible staff receive pay at the rates listed below
  - a. 25% of pay for 152.0 through 312.0 hours
  - b. 50% of pay for hours more than 312 hours.
3. Staff covered by the IU Retirement 10%, 12%, or 15% Plans *do not receive* separation pay for sick leave account accruals with one exception. Employees in the 12% plan who have more than 50% of their years of IU employment in a PERF covered position will receive a prorated amount of the sick leave account payment based on the percentage of total IU employment under PERF.