Paid Time Off (PTO) Benefit Program

Overview

The Office of the President approved implementation of a pilot benefit program – the Paid Time Off (PTO) Program. The PTO Program became effective July 1, 2002, for eligible bi-weekly and monthly paid medical center employees. The Office of the President approved the PTO Program becoming permanent in 2008. The Office of the President has approved exceptions to the UC Absence from Work policy [formerly PPSM 41 (Vacation) and PPSM 42 (Sick Leave)] to allow our PTO Program to continue indefinitely under the same parameters granted in our pilot program. The PTO Program promotes and enhances work-life objectives of the university.

Effective in March 2011, the Office of the President authorized the expansion of the PTO Program to non-exclusively represented staff in the UC Davis School of Medicine and the Betty Irene Moore School of Nursing.

The purpose of the PTO Program is to establish a benefit program that provides employees greater flexibility in the use of time-off with pay and conveys the advantage of annually cashing out unused PTO hours accrued over three hundred (300). Providing greater flexibility also assists the University in recruitment and retention, serving both employee and employer. Additionally, PTO benefit programs serve as the standard of practice in area hospitals and are viewed positively.

Eligible participants include those employees guided by Personnel Policies for Staff Members (staff and MSP employees) in the hospital, School of Medicine and Betty Irene Moore School of Nursing. Employees become eligible for PTO on the date they hire, transfer, promote or are reclassified into a PTO eligible position. Employees covered by labor agreements, academic employees, and those employees with dual appointments (where one position is covered by a collective bargaining agreement or one position is outside of the health system) are not eligible to participate at the present time.

Program

Paid Time Off (PTO) Bank

The Paid Time Off (PTO) bank combines the paid benefits of vacation hours and a portion of sick-leave hours into a single bank of PTO hours. PTO is used for vacation, illness, injury, or other scheduled or unscheduled absences. Each employee has an individual bank of PTO hours that has a yearly maximum accrual that exceeds the maximum currently in place for vacation. Hours in excess of 300 will be cashed out once a year in July, based on an employee’s balance at the end of June. Under the PTO Program, an employee has more flexibility, while assuming greater responsibility, for planning and using his or her personal accrued time.
In March of 2011, when the PTO Program expanded to eligible employees in the Schools of Health, an employee’s vacation balance at that time was transferred in full to the PTO bank. An employee with 190 hours of vacation in early March would then have 190 hours of PTO.

**Extended Sick Leave (ESL) bank**

The ESL Bank consists of paid hours that accrue up to 48 hours (based on 50 percent of an employee’s current sick leave accrual rate) of earned sick leave per year for full-time employees that is used for extended illnesses and approved bereavement leave. The amount of sick leave accrued is prorated for employees who work less than full-time. ESL may be used after the first three consecutive days of absence due to illness, with the amount prorated for less-than-full-time employees.

As a one-time exception, the health system permitted an initial “grace period” from the effective date in March through June 30, 2011, enabling Schools of Health employees to use ESL for any absence due to illness without having to use PTO for the first three days of absence (prorated for less-than-full-time). On July 1, 2011, the “grace period” will end and normal usage requirements will apply.

ESL also may be used for family and medical leaves of absence, and for bereavement leave, consistent with the University of California’s Absence from Work Policy. There is no maximum cap on ESL accruals.

In March 2011, when the PTO Program expanded to eligible employees in the Schools of Health, an employee’s sick-leave balance at that time was transferred in full to the ESL bank. An employee with 420 hours of sick leave, for example, then would have 420 hours of ESL. Like sick leave, any unused ESL hours will count as service time upon retirement.

Details on the use and accrual of PTO are as follows:

**Use of PTO**

PTO is used to cover absences during regularly scheduled work days (planned absences) or to cover the first three days (prorated for less-than-full-time employees) of sick leave or for a family or personal emergency (unplanned absences). Employees will receive payment for approved PTO days as long as they have accrued PTO hours in their individual bank. Employees are not allowed to carry a negative PTO balance.

**Accrual of PTO**

Effective in March 2011, for School of Medicine and Betty Irene Moore School of Nursing non-exclusively represented employees, PTO hours will be accrued based on regular hours paid. PTO does not accrue while an employee is receiving on-call pay, state
disability insurance benefits, workers’ compensation benefits, short- or long-term state disability, or while on unpaid leave of absence. All accrued vacation hours and 50 percent of accrued sick-leave hours are credited to the PTO bank during each four-week accrual period. PTO accruals are capped at two times an employee’s annual accrual rate, as shown in the table below:

<table>
<thead>
<tr>
<th>Program</th>
<th>Years of Service</th>
<th>PTO Maximum Accrual for Full-time Employee</th>
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</thead>
<tbody>
<tr>
<td>PSS</td>
<td>Less than 10</td>
<td>336</td>
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<tr>
<td></td>
<td>10 but less than 15</td>
<td>384</td>
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<tr>
<td></td>
<td>15 but less than 20</td>
<td>432</td>
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<td>20 or more</td>
<td>480</td>
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<td>MSP</td>
<td>Less than 5</td>
<td>384</td>
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<td>5 but less than 10</td>
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PTO accrual balances in excess of 300 hours will be paid once a year at an employee’s current rate of pay.

For monthly paid employees, the PTO measurement date was set up to add June accruals, but not to subtract June usage, as usage is not officially recorded until mid-July.

The PTO bank is credited each month with leave equivalent to the vacation accrual rate and one half (1/2) of the sick leave accrual rate. For purposes of illustration, the following example is how PTO hours are accumulated and allocated:

A full-time employee with more than 20 years of service accrues 14.77 hours of vacation and 7.38 hours of sick-leave pay in a four-week accrual period. All of the vacation accrual (14.77 hours) is deposited into the PTO bank, while half of the sick-leave accrual (3.69 hours) also is deposited into the PTO bank, amounting to a total of 18.46 hours per four-week accrual period, or 240 hours per year.

The balance of the sick-leave accrual (48 hours per year) is deposited into the ESL bank. Holiday time and compensatory time off are not a part of the PTO bank.

The first two (2) days of absence (if appointed at 50 through 75 percent time) or three (3) days of absence (if appointed at greater than 75 percent time) will be charged to the PTO bank, regardless of the reason for the absence (illness or vacation) except as noted below for leaves of absence.

Absences designated as Family and Medical Leave (granted for an employee's own/spouse/domestic partner/child/parent's serious health condition), pregnancy disability leave, or bereavement leave will be charged in their entirety to the ESL bank.
Beginning with the 3rd or 4th day of absence, dependent on eligibility, the PTO bank will be charged if the purpose of the absence is for personal reasons. If the absence is due to illness, the ESL bank will be charged.

The following examples illustrate how sick time should be charged for employees with appointments of 76% or greater:

- An employee who works an 8/40 shift who is sick for three days will be charged with 24 hours of PTO-S
- An employee who works a 9/80 shift who is sick for three days will be charged with 24 hours of PTO-S and 3 hours of ESL
- An employee who works 4/10 shift who is sick for three days will be charged with 24 hours of PTO-S and 6 hours of ESL
- An employee who works a 12 hour shift who is sick for three days will be charged with 24 hours of PTO-S and 12 hours of ESL

Part-time employees with appointments between 50 and 75% will have the first 16 hours charged to PTO-S and the rest will be charged to ESL.

Note: Exempt employees must continue to report absences in full day increments.

Employees who are on shifts other than a standard eight-hour shift must indicate the number of non-worked hours, consistent with their scheduled shift. (For example, a full-time employee who regularly works 12-hour shifts takes two days off work for personal reasons. The employee must reflect 24 hours of "PTOP" on their time card.)

PTO and ESL accrual balances will be transferred to vacation and sick leave balances upon reassignment, promotion, or demotion to an eligible position not covered by this program.

Upon separation from employment or transfer to a university position ineligible to accrue vacation or PTO, PTO accrual balances will be paid pursuant to university policy and applicable laws.

**Impact to UCRP retirement plan**

- Leave credits in the ESL bank will convert to UCRP service credit at retirement.
- The PTO benefit program does not conflict with UCRP Retirement Plan regulations.
Instruction for time cards

Time cards have been revised so that staff can accurately track usage of time not worked. The revised time cards are to be used by those in the PTO Program as well as those covered by standard Vacation/Sick Leave policies and contracts. In order to evaluate the effectiveness of the PTO Program, it is necessary to track the usage of PTO for personal reasons or for illness related reasons. Although there is one PTO bank, for tracking purposes, we are calling time used for illness, PTOS (Paid Time Off-Sick) and time used for personal reasons, PTOP (Paid Time Off-Personal). All time cards include instructions for completion.

For Non-Exempt Employees (Blue Time Card), the revision is in the “To Pay for Hours Not Worked” section. The boxes now include an area to record Vacation (VAC), Sick Leave (SKL), Paid Time Off – Personal (PTOP), Paid Time Off – Sick Leave (PTOS), Extended Sick Leave (ESL), Holiday (HOL), Other, and CTO Taken.

For Exempt Employees (Pink Time Card), the revision includes two rows. The top row will be for employees in the PTO Program to record their time. The time will be recorded as PTOP, PTOS, ESL, Holiday, Administrative Leave, Leave without Pay, and Miscellaneous.

For Exempt Employees (Yellow Time Card), the revision includes the distinction between PTO used for sick purposes and PTO used for personal reasons. The time will be recorded as PTOP, PTOS, ESL, Holiday, Administrative Leave, Leave without Pay, and Miscellaneous.

Questions may be directed to Human Resources or to the Payroll Office.