Paid Time Off (PTO) for Exempt Staff and Non-Exempt Non-Union PAO and PAU Staff

HR-05-70

About This Policy

Effective Dates:
09-26-1979

Last Updated:
11-03-2022

Responsible University Administrator:
Vice President for Human Resources

Policy Contact:
IU Human Resources
askHR@iu.edu

Scope

This policy applies to Exempt staff and Non-Exempt Non-Union PAO and PAU staff employees.

Policy Statement

1. Indiana University believes that Exempt staff and Non-Exempt Non-Union PAO and PAU staff employees should be afforded certain amounts of paid leave to conduct personal affairs and have a break from work demands. Managers are encouraged to support this purpose by anticipating paid time-off in formulating organizational structures and work schedules.

2. This policy provides Exempt staff and Non-Exempt Non-Union PAO and PAU staff employees (who were hired after January 1, 1985) with a structured time-off plan for pay during specific periods of leave as a component of total compensation. This single time-off plan covers several types of personal leave, including: vacation time, personal or family sickness, attendance at a funeral, and other personal affairs.

   a. Full-time (100% FTE) staff earn an annual equivalent of 240 PTO hours for the first 60 months of employment based on university service.

   b. Full-time staff earn an annual equivalent of 288 PTO hours on or after 60 months of employment based on university service.

   c. Staff employees with an FTE less than 100% but 50% or greater earn a prorated amount of PTO.

3. In addition to PTO, Exempt staff and Non-Exempt Non-Union PAO and PAU staff are provided other paid time-off: holidays, voting, jury duty, witness testimony, paid parental leave, and military duty. See the associated policies for specific details.

4. Non-Exempt Non-Union staff (PAO and PAU) are covered by the federal Fair Labor Standards Act's (FLSA) recordkeeping and overtime provisions. Positions in these classifications are paid an hourly rate, with total pay based on the number of hours worked and hours covered by a paid leave plan.

   a. Employees and supervisors are expected to maintain accurate records of specific hours worked, overtime and compensatory time, hours covered by PTO, and other paid leave plans.

   b. Hours worked over 40 hours in the university's workweek, which starts and stops on Saturday at midnight, are covered as overtime or compensatory time. See the Overtime policy for details.

5. Exempt staff are exempt from FLSA overtime provisions and are not eligible for overtime pay. Positions in this classification are paid a monthly salary based on the position's FTE (full-time equivalency) status and the accomplishment of goals or objectives.
a. Exempt staff employees are not expected to maintain records of specific hours worked. It is expected that Exempt staff employees and their supervisors are ensuring that the average weekly work effort in each month is consistent with the position's FTE status. (For example, a 100% FTE position is expected to work an average of at least 40 hours a week during a month; a 50% FTE position is expected to work an average of at least 20 hours per week.)

b. Except for FMLA and Workers' Compensation covered absences, under FLSA regulations, any reductions in salary for an Exempt staff employee can be made only in full-day increments. If any portion of a day is worked or covered by PTO, PTO Sick Leave, or other paid time-off, the employee must receive full pay for the day. See the FMLA or the Injury on the Job policy for more information.

6. Supervisors and Exempt staff and Non-Exempt Non-Union PAO and PAU staff may set up either ongoing or ad-hoc alternative work schedules. See the Alternative Work Schedule policy for details.

7. See the History section of this policy to explain the transition from PB (before 1985) to PA leave categories.

Procedure

General Paid Time Off (PTO) for Exempt staff and Non-Exempt Non-Union PAO and PAU staff

1. University service credit is used to calculate the amount of PTO staff earns in this time-off plan. See the PTO Accruals section for details.
   a. University service credit includes service as part time with retirement employee and any other staff or academic position eligible for benefits.

2. Staff earn PTO hours while in pay status and specific periods of absent-without-pay. For details, see Time Off Accruals During Absence.

3. There is no accrual of PTO during the following periods:
   a. A formal leave of absence
   b. A temporary or permanent reduction in force
   c. An absence without pay as defined in the Time Off Accruals During Absences policy

4. All Exempt staff and Non-Exempt Non-Union PAO and PAU staff employees and their supervisors are responsible for accurately recording PTO and other paid time-off usage (e.g., holidays, jury duty, etc.) and any absence without pay.
   a. Management’s responsibility is to monitor attendance and the accurate recording of time-off, including partial day absences, and address unacceptable attendance patterns through the Corrective Action policy.

5. Employees cannot borrow future accruals of PTO, with one exception.
   a. In the event of a seasonal office closure (see the Furlough policy), such as during the winter break, spring break, or summer semester, employees may borrow up to 40 hours of PTO against future accruals under the following two conditions:
      1. The employee is expected to return to work after the furlough.
      2. The employee does not have any recent attendance issues.
   b. As soon as the employee earns PTO, the accrued time is applied to the negative balance resulting from the borrowed hours.
   c. Employees who separate with a negative PTO balance have their final paycheck adjusted accordingly.

6. PTO can cover military training not covered by the Leaves for Military Duty policy.

7. PTO can be used for bereavement time, funeral attendance, and activities related to the funeral. (Exempt staff do not have specific time-off for bereavement leave.)

8. Exempt staff and Non-Exempt Non-Union PAO and PAU staff employees with an FTE less than 100% accrue a prorated amount of PTO according to their position’s FTE status.

PTO Usage, Recording PTO, and PTO Accruals
Paid Time Off (PTO) for Exempt Staff

1. Exempt staff are paid monthly and accrue PTO hours at the end of each month, which can be used in the following months, based on the policy provisions below.
   a. General guidelines for supervisors:
      1. Employees are paid a monthly salary based on their FTE status. The accomplishment of goals and objectives, and work effort may exceed the position's FTE status (i.e., more than 40 hours a week) without overtime or compensatory time. (Exempt staff employees are not eligible for overtime or compensatory time.)
      2. Periodically for many Exempt staff and regularly for high-level Exempt staff, work effort may exceed the position's FTE status.
      3. Before requiring an Exempt staff to record a half-day PTO, the supervisor should consider allowing the employee to flex the time during a week when the work effort exceeds the FTE status.

2. Employees may use PTO only after it is accrued at the end of the month and cannot use PTO in the month in which it is accrued.

3. PTO accruals must be taken in half or full-day increments, not hourly.
   a. Time-off between ¼ and ¾ of a workday should be charged as a half-day.
   b. Time-off for ¾ or more of a workday should be charged as a full day.
   c. Time-off for ¼ or less of a workday should not be charged as PTO.

Recording PTO Usage

• 1. The process for recording PTO must contain the following provisions at a minimum.
   a. Staff are required to record PTO usage at least monthly.
   b. PTO must be recorded using the applicable university system. (Exempt staff employees use the university's ePTO system.)
   c. At the end of each month, supervisors must review employees’ PTO records to confirm the accuracy and make any necessary corrections.

PTO Accruals

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

<table>
<thead>
<tr>
<th>University Service</th>
<th>PTO Accrual Per Monthly Pay Period</th>
<th>Annual Equivalent Accrual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to the first 60 months</td>
<td>20 hours</td>
<td>240 hours</td>
</tr>
<tr>
<td>On and After 60 months</td>
<td>24 hours</td>
<td>288 hours</td>
</tr>
</tbody>
</table>

2. In the first and last month of employment, the amount of PTO accrued is prorated based on the number of workdays in pay status in that month.

3. The amount of PTO accrued in a monthly pay period is prorated based upon the amount of time in pay status in the month.

4. 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.
5. PTO is accrued at the end of the last workday of the month and is available to use on the first workday of the next monthly pay period.

Paid Time Off (PTO) for Non-Exempt Non-Union PAO Staff

1. Non-Exempt Non-Union PAO staff are paid bi-weekly and accrue PTO hours at the end of each bi-weekly pay period, which they can use in the following pay periods, based on the policy provisions below.
   a. General guidelines for supervisors:
      1. Actual hours worked and time-off are recorded in the university’s payroll system, with employee pay based on hours worked, overtime, compensatory time, and paid time-off.
      2. Hours worked over 40 hours in the university’s workweek are paid as overtime or accrued as compensatory time, under federal regulations and university policy, without exception.
      3. All time not worked based on the position’s FTE (i.e., actual work less than 40 hours a week) should be counted as PTO, another paid leave, or absence without pay.

2. Employees may only use PTO after the end of the bi-weekly pay period in which it is accrued. PTO accrued in a bi-weekly pay period cannot be used in the pay period it is accrued.

3. PTO must be taken in the exact number of hours, including tenths of hours.

Recording PTO Usage

- 1. The process for recording PTO must contain the following provisions at a minimum.
   a. Staff are required to record PTO usage at least weekly.
   b. PTO must be recorded using the applicable university system. (Non-Exempt Non-Union PAO staff employees use the university’s TIME system.)
   c. After the end of each bi-weekly pay period, supervisors review employees’ records to confirm the accuracy and make any necessary corrections.
   d. PTO must be recorded in the exact number of hours, including tenths of hours.

PTO Accruals

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

<table>
<thead>
<tr>
<th>University Service</th>
<th>PTO Accrual Per Bi-weekly Pay Period</th>
<th>Annual Accrual</th>
<th>Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to the first 60 months</td>
<td>9.24 hours</td>
<td>240 hours</td>
<td></td>
</tr>
<tr>
<td>On and After 60 months</td>
<td>11.08 hours</td>
<td>288 hours</td>
<td></td>
</tr>
</tbody>
</table>

2. PTO is accrued at the end of the bi-weekly pay period and is available to use on the first workday of the next bi-weekly pay period.

3. PTO accrued is prorated based on the number of hours in pay status in a pay period.

4. Staff begin to accrue 11.08 hours per bi-weekly pay period at the end of the pay period in which the 60th month of university service is completed.

Paid Time Off (PTO) for Non-Exempt Non-Union PAU Staff

1. Non-Exempt Non-Union PAU staff are paid bi-weekly and accrue a certain number of PTO hours at the end of each bi-weekly pay period, which they can use in the following pay periods, based on the policy provisions below.
   a. General guidelines for supervisors:
1. Actual hours worked and time-off are to be recorded in the university's payroll system, with employee's pay based on hours worked, overtime, compensatory time, and paid time-off.

2. Hours worked over 40 hours in the university's workweek are to be paid as overtime or accrued as compensatory time, under federal regulations and university policy, without exception.

3. All time not worked based on the position's FTE (i.e., actual work less than 40 hours a week) should be counted as PTO, another paid leave, or absence without pay.

2. Employees may use PTO only after the end of the bi-weekly pay period in which it is accrued. PTO accrued in a bi-weekly pay period cannot be used in the pay period in which it is accrued.

3. PTO must be taken in the exact number of hours, including tenths of hours.

**Recording PTO Usage**

- 1. The process for recording PTO must contain the following provisions at a minimum.
  a. Staff are required to record PTO usage at least weekly.
  b. PTO must be recorded using the applicable university system. (Non-Exempt Non-Union PAU staff employees use the university's TIME system.)
  c. After the end of each bi-weekly pay period, supervisors must review employees' records to confirm the accuracy and make any necessary corrections.
  d. PTO must be recorded in the exact number of hours, including tenths of hours.

**PTO Accruals**

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

<table>
<thead>
<tr>
<th>University Service</th>
<th>PTO Accrual Per Bi-weekly Pay Period</th>
<th>Annual Accrual</th>
<th>Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to the first 60 months</td>
<td>9.24 hours</td>
<td>240 hours</td>
<td></td>
</tr>
<tr>
<td>On and After 60 months</td>
<td>11.08 hours</td>
<td>288 hours</td>
<td></td>
</tr>
</tbody>
</table>

2. PTO is accrued at the end of the bi-weekly pay period and is available to use on the first workday of the next bi-weekly pay period.

3. PTO accrued in a bi-weekly pay period is prorated based upon the amount of time in pay status in the pay period.

4. Staff begin to accrue 11.08 hours per bi-weekly pay period at the end of the pay period in which the 60th month of university service is completed.

**Approvals for Usage**

1. Employees must have supervisory approval to use PTO, except as noted below.
   a. Employees who encounter a personal or family illness or an emergency may charge the time-off to PTO. Employees must notify their supervisor about the reason and when they expect to return as soon as possible. Employees may be required to provide documentation regarding the nature and circumstances of the absence.

2. A unit head may approve a request for time-off without pay even if the employee has PTO to cover all or part of the absence. This provision applies only to full-day absences and must be approved in advance by the employee’s unit head. There are two cases in which there are restrictions affecting this unit head option:
a. Employees cannot take FMLA-covered absences without pay if they have paid time-off available. See the FMLA policy for details.

b. Employees may choose to use or not use PTO for absences under the Leaves for Military Duty policy.

3. If two or more employees request time-off for the same time, and the unit's staffing needs do not allow both employees to be off, the employee with unit seniority is generally given preference. However, if a supervisor has previously given permission to a less senior employee for the same period, the less senior employee's request is honored.

PTO Sick Leave for Exempt staff and Non-Exempt Non-Union PAO and PAU staff

1. Employees may use time from their PTO Sick Leave account to cover personal or family illness or Worker's Compensation supplemental pay. Supervisors may require confirmation of illness or injury through a licensed physician's statement.
   a. Employees may use PTO sick leave to provide care for illness, injury, or medical/dental appointments for immediate family or household members.
   b. Members of the immediate family or household are spouses, unmarried children at home or other relatives living with the employee.
   c. Parents, children, grandparents, brothers, sisters, and relatives of the same degree who are solely dependent on the employee for emergency care.

2. Employees may use time from their PTO Sick Leave account to cover funeral attendance and bereavement for the following relatives:
   a. Spouse, child, grandchild, parent (or an individual who stood in loco parentis when the employee was under the age of 18), sibling, grandparent, an in-law of the same degree, step relative of the same degree, and other relatives of whom the employee is the sole survivor.

3. Exempt staff must take and record PTO Sick Leave in half or full-day increments, not hourly.
   a. Time-off between ¼ and ¾ of a workday should be charged as a half-day.
   b. Time-off for ¾ or more of a workday should be charged as a full day.
   c. Time-off for ¼ or less of a workday should not be charged as PTO Sick Leave.

4. Non-Exempt Non-Union PAO and PAU staff must take and record PTO Sick Leave in the exact number of hours, including tenths of hours.

5. There is no limit on the total amount of time an employee may have in their PTO Sick Leave account.


Calendar Year–End Unused PTO Accrual Balances

1. Each employee and the employing unit records time-off accruals and usage. These records are subject to audit throughout the year. At the end of each calendar year, time-off balances are sent to the campus payroll department.

2. Up to the annual accrual amount of PTO may be carried over into the following calendar 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 Exempt staff and the bi-weekly accrual rate increases to 11.08 hours for Non-Exempt Non-Union PAO and PAU staff.

3. Carryover amounts serve as beginning PTO balances for the new calendar year. The beginning balances do not increase the annual allowance for the new calendar year, but do allow staff to use the time earlier in the year.
4. PTO Sick Leave Allocation
   a. At the end of each calendar year, full-time (100% FTE) employees with unused PTO hours can allocate up to 136 of those hours to their PTO Sick Leave account. For part-time employees, this amount is prorated by their position's FTE.
   b. Employees with PTO hours in excess of the annual carry-over maximums have the excess hours up to a limit of 136 hours allocated to their PTO Sick Leave.
5. Unused year-end PTO accruals that cannot be carried over into the next calendar year or allocated to PTO Sick Leave are forfeited.

Effect of Classification Changes (promotion, demotion, transfer, or reclassification) and Reduction of FTE

1. From a Non-Exempt (excluding PAO and PAU) staff position to an Exempt staff position
   a. The Income Protection time balance is transferred into PTO Sick Leave.
   b. The Vacation time balance is transferred into PTO and serves as the beginning balance.
      1. If the balance exceeds the maximum accrual amount, the excess time is carried over as PTO, but it must be used or transferred to PTO Sick Leave by the end of the following year.
      2. The 136 hour maximum amount of PTO that can be transferred to PTO Sick Leave is waived at the end of the first year and the end of the following year.
   c. Holiday time not yet used is transferred.
2. From an Exempt staff and Non-Exempt Non-Union PAO and PAU staff position to a Non-Exempt (excluding PAO and PAU) position
   a. The PTO balance is transferred to Vacation time.
   b. The PTO Sick Leave balance is transferred to Income Protection time.
   c. Any previously accrued Honorary Vacation is transferred to the vacation time.
3. From an academic, full-time, 10- or 12-month appointment to an Exempt staff position
   a. The employee’s academic unit is to certify the amount of vacation time to transfer with IU HR. The vacation balance (up to a maximum of 22 days, 176 hours) is transferred into PTO and serves as the beginning balance.
   b. A beginning balance of PTO Sick Leave is established based on one-half day of sick leave for each month of university service credit.
4. From an Exempt staff and Non-Exempt Non-Union PAO and PAU staff position to an Academic appointment
   a. PTO and PTO Sick Leave balances do not transfer to an Academic appointment. Accumulated time-off is paid per the Payment of Unused Accruals upon Separation section below.
5. From the PB time-off plan to the PTO plan for Exempt staff and Non-Exempt Non-Union PAO and PAU staff
   a. The sick leave time balance is transferred into PTO Sick Leave.
   b. The vacation time balance and bonus holidays up to the maximum allowed in the new plan are transferred into PTO and serve as the beginning balance.
   c. Any Honorary Vacation balance is transferred to Honorary Vacation, and no additional Honorary Vacation is earned. With supervisory approval, 100% FTE staff may use up to a maximum of 60 Honorary Vacation days per year. Part-time employees may use a portion of this amount, prorated by their FTE. This limit does not apply to the use of Honorary Vacation for an FMLA leave of absence.
   d. The provisions of the time-off plan associated with the specified classification will then be applied for accruals and usage.

Payment of Unused Accruals upon Separation

1. All employees covered by this policy receive the accrued time-off described below, whether or not the employee gives or receives a notice of separation.
a. Holidays that are still eligible for use within the specified time allowed
b. Paid Time Off (PTO) balance
c. Compensatory time-off for PAO staff
d. Honorary vacation balance, up to a maximum of 60 days (480 hours) for 100% FTE staff. (Exempt staff and Non-Exempt Non-Union PAO and PAU staff employed before 1985 or promoted from a Non-Exempt (excluding PAO and PAU) position to an Exempt staff and Non-Exempt Non-Union PAO and PAU staff position before May 2002 may have previously accrued honorary vacation.)

2. Except as provided below for separations with IU Retiree status or at time of death, employees do not receive separation pay for PTO Sick Leave.

3. Only those Exempt staff and Non-Exempt Non-Union PAO and PAU staff who meet the following criteria receive separation payment for accrued PTO Sick Leave hours when they leave employment: The employee must separate with IU Retiree status, be covered by PERF or the 11.25% contribution level IU Retirement Plan, and have more than 152.0 PTO Sick Leave hours. Eligible staff receive separation 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

4. Staff covered by the 10%, 12%, or 15% contribution level IU Retirement Plans do not receive separation payment for unused PTO Sick Leave accruals with one exception. Employees in the 12% contribution level who have more than 50% of their IU employment years in a PERF covered position receive a prorated amount of the PTO Sick Leave payment based on the percentage of total IU employment under PERF.
   a. Exempt staff and Non-Exempt Non-Union PAO and PAU staff in the 15% IU Retirement Plan have vacation or PTO deducted from the interim benefits payment. Contact the campus human resources office for details.

5. The payment for unused PTO and PTO Sick Leave accruals is treated as taxable income, subject to federal and state income and employment taxes.

Sanctions

Managers, supervisors, and employees who violate this policy are subject to disciplinary action, up to and including termination.

History

November 2022
Updated to increase in number of hours that can employees can transfer from PTO into the PTO sick leave at the end of the calendar year from 120 hours to 136 hours.

July 2022
Updated to clarify when an employee can use PTO Sick Leave.

June 2022
Updated "temporary" employee nomenclature to "part time".

May 2022
Interim provisions to this policy for Keep IU Healthy (KIH) expired on April 30, 2022. The previous version of HR-05-70 can be viewed here.

January 2022
IU HR completed a full and substantive review to assess the ongoing need and effectiveness.

February 2021
Updated the staff employee group terms due to Job Framework Redesign Project.

December 2020
Interim provisions to this policy expired on December 31, 2020, under the terms of the Families First Coronavirus Response Act (FFCRA).

August 2020
Interim provisions to this policy were put into effect to comply with the Families First Coronavirus Response Act (FFCRA). This version of HR-05-70 can be viewed here.

May 2018
Removed same-sex domestic partner language.

April 2018
Updated wording to clarify how full time equivalent (FTE) impacts paid time off accruals.

November 2017
Updated to remove PAS salary plan.

September 2017
Removes Affidavit of Domestic Partnership.

December 2016
Revised to add PAS salary plan.

February 2016
This policy replaced the following policies:

<table>
<thead>
<tr>
<th>Professional Staff and Support and Service Staff not Covered by a Union</th>
<th>10.6 - Paid Time Off (PTO) Policy for Professional (PA) Staff</th>
</tr>
</thead>
</table>

This policy replaces parts of the following policies:

<table>
<thead>
<tr>
<th>Separation Pay</th>
<th>10.7 - Paid Time Off for Staff in the PB Time Off Plan</th>
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</thead>
<tbody>
<tr>
<td>• C.1.a.</td>
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<td>• C.1.a.i.</td>
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<td>• C.1.a.iii.</td>
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<td>• C.1.a.v.</td>
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<td>• E.2.</td>
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<td>• C.2.b.iv.</td>
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</tbody>
</table>
Fact Sheet #2 - Time Off Provisions for Part-Time Professional Staff
• A.1.

1. Indiana University approved the merging of administrative (AD), professional (PR), other academic (OA),
and counseling (CN) positions into one functional classification called professional. At the same time, a new paid
time off benefits plan was authorized for this group of employees. Both actions were effective January 1, 1985.
   a. Enrollment in the new paid time off plan was optional for persons already employed by IU. Those who
      enrolled in the plan are identified as being in the PA Paid Time Off Plan.

2. Employees who were previously called administrative (AD) or professional (PR) and who elected to remain in
the previous time off benefit plan are identified as being in the PB Time Off Plan. The specific policies on time
off benefits of the PB Time Off Plan are contained in the Paid Time Off for PB policy.

3. Employees previously called other academic (OA) or counseling (CN) and who elected to remain in their previous
fringe benefits plan should contact the Dean of the Faculties Office for related policies and procedures. These
positions are identified as being in the PC Time Off Plan.

Related Information

Separation Pay for Unused Time Off Accruals