



## FAQs on Paid Time Off (PTO) Changes

### What is happening?

As of May 1, 2007, the maximum number of vacation days that administrative and professional staff and non-bargaining-unit support staff will be able to bank will be:

- 30 days for employees with up to five years of service (versus 40 days for those with less than 10 years of service now); and
- 40 days for those with five or more years of service (versus 60 days for those with 10 or more years of service now.)

No changes will be made to *annual vacation awards*.

- 30 or 40 days per year (1.25 or 1.67 days per month), depending on employee group and length of service, except for employees who have reached their vacation bank maximums.

No changes to longer-service bonus days, personal days, or sick days – including the policy allowing use of up to 12 sick days per year being used to care for family/household members – are being made.

### Who is affected?

This affects benefits-eligible administrative and professional staff, as well as non-bargaining-unit clerical/technical staff. (It should be noted that HUCTW-covered staff are already covered by these limits.)

This affects current staff, as well as any staff who will be hired going forward. Local units are urged to disclose this planned change to prospective employees if this benefit is addressed at all in the hiring or offer process.

### Why is Harvard making this change?

Harvard regularly reviews and adapts its compensation and benefits programs to ensure they are externally competitive, internally equitable, meeting employee needs, and serving long-term institutional objectives.

This change is being made to limit the University's potential financial liability for the paid time off it owes its employees.

This lays the groundwork for two other important changes that are likely to occur after the new, lower maximums take effect next May.

- We have proposed that Harvard implement a new module of PeopleSoft called Absence Management. Exempt and clerical/technical staff will be expected to request and report absences (vacation, sick, personal, etc.) online in the new system. They will be able to view approvals of their vacation requests along with their monthly awards, time taken, and current balances. The system will also allow them to forecast their balances to help with vacation and absence planning.
- Concurrent with the PeopleSoft implementation, it is possible that Harvard will change how it accounts for and funds paid time off.

**After this change is made, how will Harvard’s paid time off benefits compare to what other employers offer?**

Even after this change, Harvard’s paid time off benefits will still be extremely generous compared to most leading employers, and more generous, on average, than our peers in higher education.

**How will the transition to the new, lower maximums work?**

For most staff members, this change will have no major personal impact. A large percentage of our staff is already at or below the new maximums that will take effect in 2007. However, managers should be sensitive to the impact of increased workload or greater coverage responsibility from some staff members if coworkers or managers need to work down vacation balances.

For those staff members who are above the new maximums, the transition will be managed as a two-step process.

- First, employees with days in excess of the *new* maximum as of June 30, 2006, are *eligible* to be paid out for those days. The excess balance at June 30, 2006 represents the *maximum buyout* or “cap” on the number of days that can be taken in cash. In July 2006, affected employees will receive a letter with this information, including the details on their personal vacation balance and the number of days they may be eligible to be paid for.
- *Second*, the actual buyout will be calculated based on actual balances as of April 30, 2007 (not to exceed the “cap”) and paid in June 2007.

This approach provides employees with the flexibility to take a combination of buyout (up to the cap) and time-off over the course of the next year.

By notifying employees now, we are providing a long lead-time for workgroups to plan how staff vacations will be accommodated, and for individuals to decide how to best use their well-deserved vacation time. It is also an opportunity to remind employees at or over the new maximums to take all the vacation time they earn going forward in order not to forfeit additional accruals.

**What about vacation time employees earn over the next year?**

Employees will not be paid for vacation time above the new ceiling (except up to the buyout “cap” established on June 30, 2006, described above).

Therefore, anyone who is over or close to the new maximums should plan to use enough vacation time over the next nine months to get below the new maximum when they become effective on May 1, 2007. Anyone at or over the new maximum on that date will cease to accrue vacation time (and forfeit those days) until he or she takes vacation time such that the balance is below the ceiling.

### **How should situations in which employees have accrued vacation in excess of current maximums be handled?**

In general, employees should not have been allowed to accrue any vacation time beyond current University maximums (40 or 60 days depending on length of service.) The employee’s vacation balance should have been frozen at the current maximum.

However, there may be unusual circumstances in which an employee was allowed to accrue these days. If management allowed this to occur, or authorized it, and the vacation bank is reasonably documented, the employee is owed the time or the financial equivalent by the local unit. While the Central Bank has agreed to co-invest in buying employees down for days in excess of new, lower maximums, it will not help fund any days in excess of *current* maximums.

For employees who are above the *current* maximums, local units are urged to: stop any further accruals, if not already done; negotiate and implement a mutually-acceptable arrangement to eliminate excess balances between now and May 1, 2007, which may include a buy-out and/or a formal schedule for time off.

From a University HR policy perspective, employees cannot be required to take time off in order to reduce or eliminate the days to which they are entitled under the buy-out program.

### **Where else can employees get information about this change?**

The May 2006 issue of the *Harvard Resource* ran a page 1 article about the policy change. It can be found on HARVie by selecting the Resource logo in the right-hand column, clicking on Archives, then Featured articles, then May 2006 ([harvie.harvard.edu/working/resource/featuresarchives/0506pto.shtml](http://harvie.harvard.edu/working/resource/featuresarchives/0506pto.shtml)).

Information about the change is also on HARVie in the Benefits & Perks section. Select Time Off and then Paid Time Off ([harvie.harvard.edu/benefits/timeoff/paidtimeoff.shtml](http://harvie.harvard.edu/benefits/timeoff/paidtimeoff.shtml)) to find examples of how the change and transition to the new ceilings will work.