

HR INSIGHTS

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Monitoring PTO Amounts

Many companies are now offering paid time off (PTO) as opposed to traditional vacation and sick day policies. With a PTO policy, employees can draw from their allotted bank of hours for a variety of reasons, including vacation, doctor's appointments or needing a day off for personal reasons. To accrue this bank of hours, employers (usually HR) either credit the year's PTO allotment at the beginning of the year or deposit PTO hours each pay period.

However, HR's involvement generally stops at distributing hours to employees. For a PTO policy to be beneficial to both employees and employers, in most cases, HR should monitor PTO usage and set PTO amounts.

Know Your Organization

The need for PTO monitoring is entirely dependent upon your organization. If your organization does not have clear guidelines for PTO usage, you may need to take a more hands-on approach to monitoring employees' PTO. For example, you could require employees to give at least one week's notice before using PTO unless he or she is sick or there is an emergency in order to reduce the risk of employees taking advantage of PTO.

If your organization has already established clear directives for employees to follow when using PTO and your company culture is designed to embrace PTO policies, you may not have to do much work monitoring PTO usage.

Asking "Why" and Denying PTO

It is up to your company to decide whether or not you should require your employees to explain what they're using their PTO for. Generally, employees can use their PTO however they want to. As a result, many managers don't feel comfortable asking "why" when an employee submits a PTO request. However, it sometimes makes sense to do so.

For example, if an employee asks off during a particularly busy time and his or her absence will be significant, it makes sense to ask what they are doing with their time off, and then, depending on their answer, ask them if they could move it to either before or after the busy time at work.

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Keep in mind that asking why too frequently or consistently denying employees' PTO requests may become problematic. PTO boosts employee morale and productivity and is an attractive retention tool—denying PTO requests often or appearing too intrusive may discourage employees from using this benefit at all. While it is up to your company to create a policy on asking questions about and denying PTO requests, it is generally better to avoid doing either frequently.

Area of Concern: Using or Saving All Accrued PTO

If your organization distributes an entire year's worth of PTO at the beginning of the year, you should be on the lookout for employees who use up all of their PTO early in the year or save it all until December. If employees use all of their PTO early in the year, they will have no safety net for illness, injury or emergency days later on in the year. On the flipside, if your company allows PTO to be rolled over to the next plan year, you might end up with an employee who has an extensive amount of unused PTO and decides to take a five-week vacation. If your company does not allow rollovers or caps rollovers to a certain amount of hours, an employee who does not use any PTO will lose all or a large portion of it at year's end.

To prevent this from happening, you, as the HR professional, need to be on the lookout for PTO misuse and speak with employees when you notice it happening. Though it is ultimately the employees' choice on how they choose to use their PTO, notifying them of the potential impact of their choices may be enough to remedy the issue.

Be Clear on Philosophy

According to a study from Project: Time Off—a U.S. Travel Association initiative to transform American attitudes and behaviors around time off—management's mixed messages surrounding vacation time contributed to 658 million unused vacation days in 2015. Mixed messages include denying PTO requests too frequently or making employees feel guilty for taking time off from work.

As previously mentioned, PTO is a valuable tool that can lead to less burnout and improve employee morale, productivity and retention. If you want your employees to reap the benefits of PTO, don't discourage them from using it by confusing the issue with mixed messages.

Summary

HR should keep track of PTO amounts to avoid issues and make the company's PTO philosophy clear to employees in order for it to be beneficial to both employees and employers.

