



PAID TIME OFF AND LEAVE BANKS (PTO/LB)

IBI LEAVE MANAGEMENT BENCHMARKING SERIES

Revision 1: April 15, 2018

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Executive summary

As part of its Leave Management Benchmarking series,¹ the Integrated Benefits Institute (IBI) surveyed 951 organizations about their formal leave policies. Employers without formal policies for specific leaves could also provide information about their paid time off and leave bank (PTO/LB) policies.

- **Almost half of employers reported that employees could take time off using PTO or leave banks.** PTO/LB policies were less common among employers in educational services and more common among employers in healthcare and social assistance. Companies of different sizes were similar in their rates of offering PTO/LB. Employers with a majority of workers in Illinois and Missouri employers were less likely to have PTO or leave banks. Texas and Washington employers were more likely to have PTO or leave banks
- **Only one out of every twenty-five employers reported that they were phasing out the PTO/LB programs.** Employers in the manufacturing industry were less likely to phase out PTO/LB, while those in the health care and social assistance industry were most likely. Compared to other employers, the largest employers (those with 10,000 or more employees) were more than three times as likely to phase out PTO/LB.
- **The most common amount of PTO/LB time was one month.** One out of every ten employers allowed employees to use up to one week of PTO/LB time. Employers in the finance and insurance and health care and social assistance sectors tended to have more generous PTO/LB benefits compared to those in the manufacturing sector. With the exception of employers with 10,000 or more employees, larger employers typically allowed employees to use more PTO/LB days per year.
- **Overall, more than two-thirds of employers reported that days accrue gradually.** Health care and social assistance employers were most likely to use gradual accruals, while nearly half of manufacturing employers made days available all at once. With the exception of employers with between 5,000 and 9,999 employees, smaller employers were most likely to make days available all at once.
- **Nearly three-fourths of employers allowed unused PTO/LB days from one year to roll over into the next year.** Employers in the manufacturing industry were less likely to allow unused PTO/LB days from one year to roll over into the next year, while those in the health care and social assistance industry were more likely. Those with between 1,000 to 2,499 employees were less likely to allow unused PTO/LB days from one year to roll over into the next year.

¹ <https://ibiweb.org/research-resources/detail/leave-management-benchmarking-project>

Background

Since the end of the Great Recession and the return of several economic indicators to prerecession levels,² many employers have been reviewing and updating their employee leave policies. While providing time off from work is intended to address several strategic goals—including attracting and retaining talent, helping employees meet challenging life events and signaling corporate social values³—employers often take their cues from their peers and competitors when considering the design of their leave benefits.

As part of its Leave Management Benchmarking series, the **Integrated Benefits Institute (IBI)** surveyed **951 organizations** about their formal leave policies, including the following:

- Maternity leave
- Parental leave for non-birth mothers
- Family leave
- Elder care leave
- Sick days
- Short-term disability (STD)
- Long-term disability (LTD)
- Bereavement leave
- Career development leave

The surveys also included a block of questions about paid-time-off and leave bank (PTO/LB) programs for employers that implemented this approach to leaves.

Recognizing that most employers have complex workforces comprising many different categories of workers, fulfilling a diversity of functions and sometimes spread across multiple locations and legal jurisdictions, the intent of the benchmarks is to provide some basic guidance on what is typical for specific types of leaves. This will give senior leaders, human resource (HR) and benefits professionals and their third-party partners a starting point for considering how to craft policies that best address their specific business goals for their own workforce needs.

This report focuses only on PTO/LB policies.

SURVEY APPROACH

The survey began by asking all employers about formal policies for all leaves listed above. Employers were instructed that formal leave policies are those that go beyond any applicable federal, state and local laws or that the company has implemented where there are no legal requirements for leave. Formal policies are specific rules or instructions that define who can take leave, for what reasons and for how long.

Employers without formal policies for a specific leave were given the option of specifying that an employee could take time off using PTO or leave banks. Employers with any PTO/LB were asked a series of question about these policies.

We received in-depth responses for 426 employers' PTO/LB policies. Those responses are reported in this document for the entire sample, for employers in industries for which we had at least 30 responses and across employers of different sizes. Results for other leave policies are provided in separate reports. See the appendix for more information about the survey and the participating organizations.

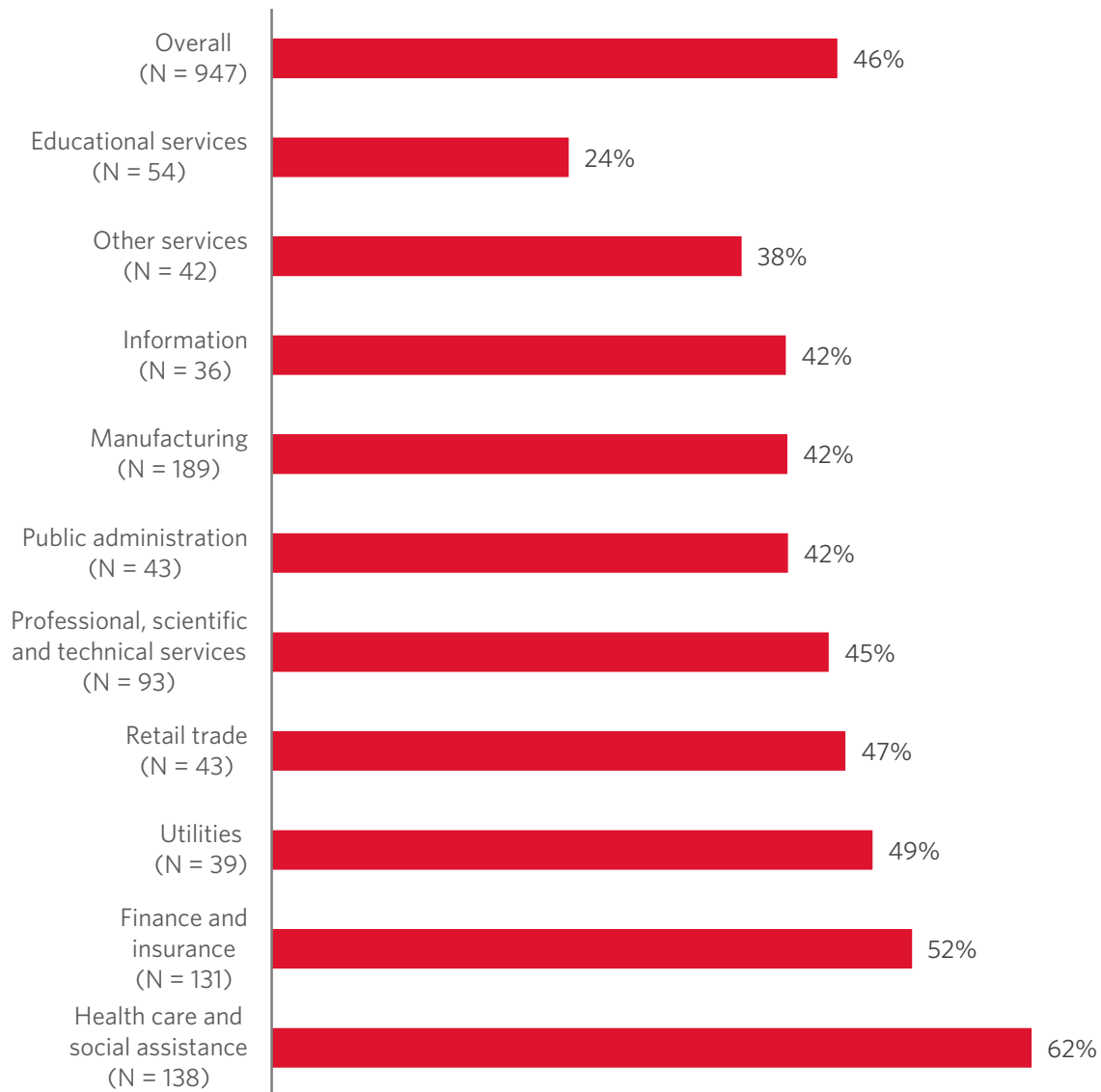
² See, for example, the Federal Reserve Bank of St. Louis for historical series on indicators such as unemployment, personal consumption, gross domestic product (GDP) and wages as a share of GDP. <https://fred.stlouisfed.org>

³ Gifford B, Zong B, Presutti J. *And Baby Makes Three (Months Off): Paid Parental Leave at 15 High Technology Firms*. Integrated Benefits Institute, August 2016. <https://ibiweb.org/research-resources/detail/and-a-baby-makes-three-months-off-paid-parental-leave-at-15-high-tech-firms>

How many employers have PTO/LB programs?

As illustrated in Figures 1 through 3, nearly half of all employers allowed employees to take leave using PTO/LB. PTO/LB policies were least common among employers in educational services and most common among employers in healthcare and social assistance. Companies of different sizes were similar in their rates of offering PTO/LB. Among states for which we received responses from at least 30 employers, Illinois and Missouri employers were less likely to have PTO/LB policies. Texas and Washington employers were more likely to have them.

Figure 1: PTO/LB policies by selected industries (% of employers)



Note: Industries with fewer than 30 responding employers are not shown.

Figure 2: PTO/LB policies by number of employees (% of employers)

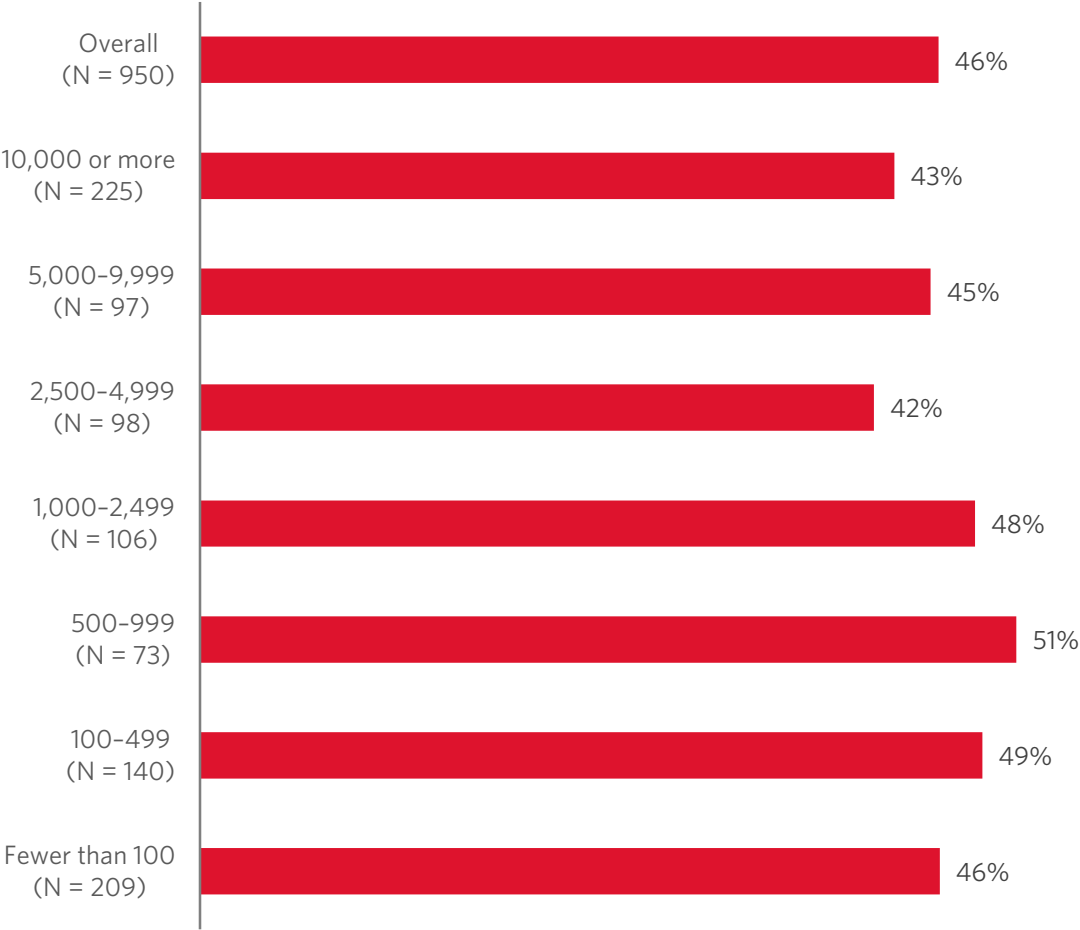
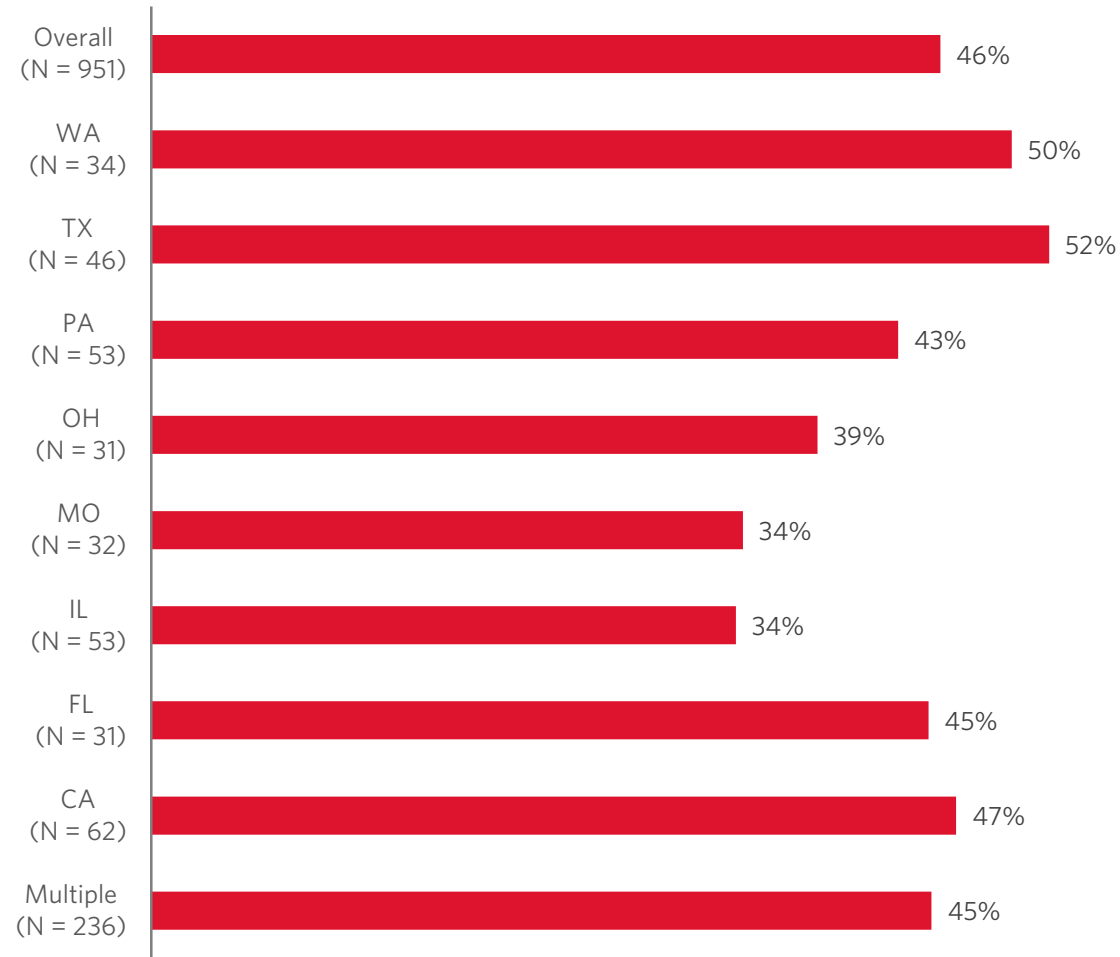


Figure 3: PTO/LB policies by selected states (% of employers)



Note: States with fewer than 30 responding employers are not shown.

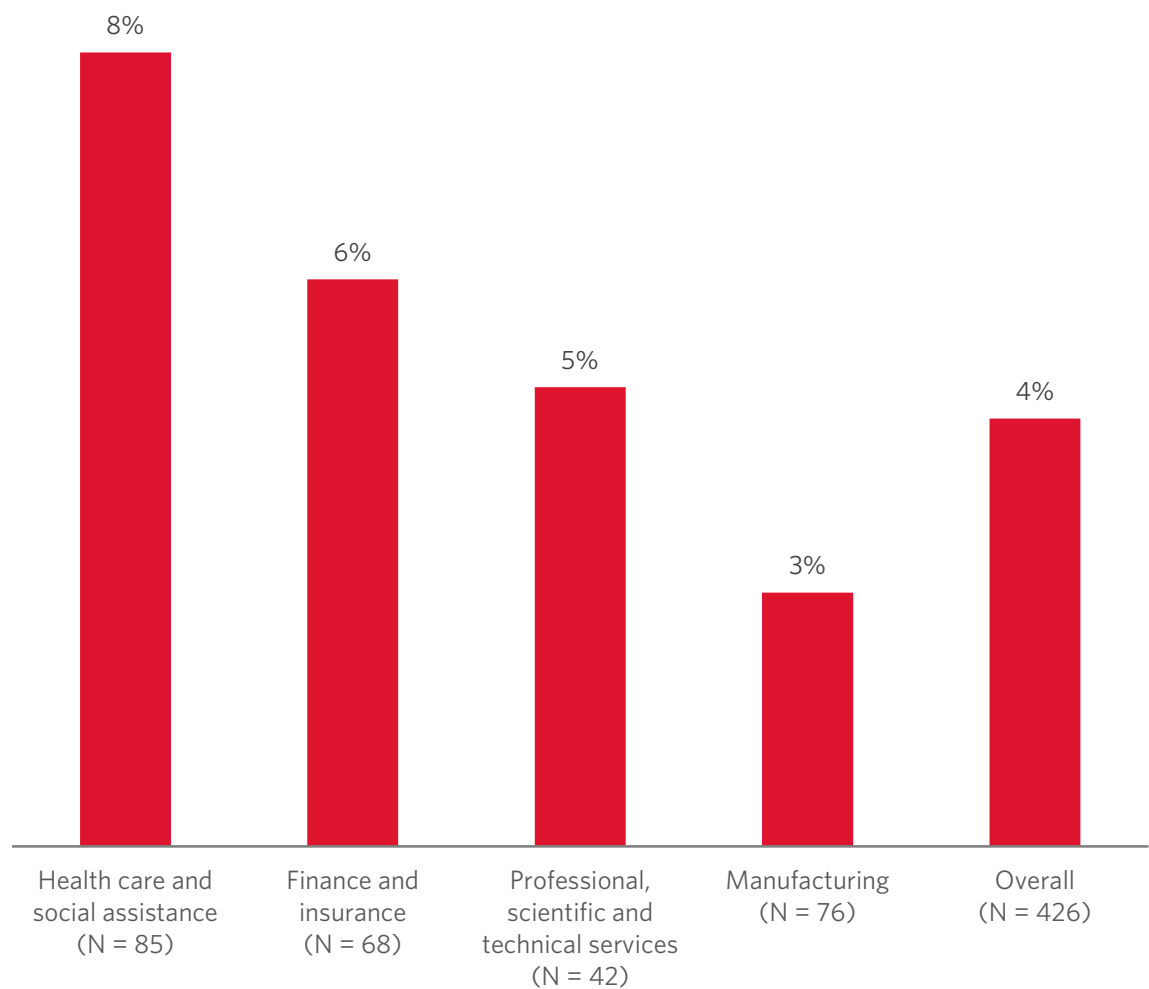
How many employers are currently phasing out PTO or leave banks?

Employers that allowed employees to take time off using PTO/LB were asked to provide additional information about these policies.

Figures 4 and 5 illustrate employers' responses to whether employers with PTO/LB are currently phasing them out, by industry and employer size. As of this writing, no single state had responses from at least 30 employers. For this reason, results are not reported by state.

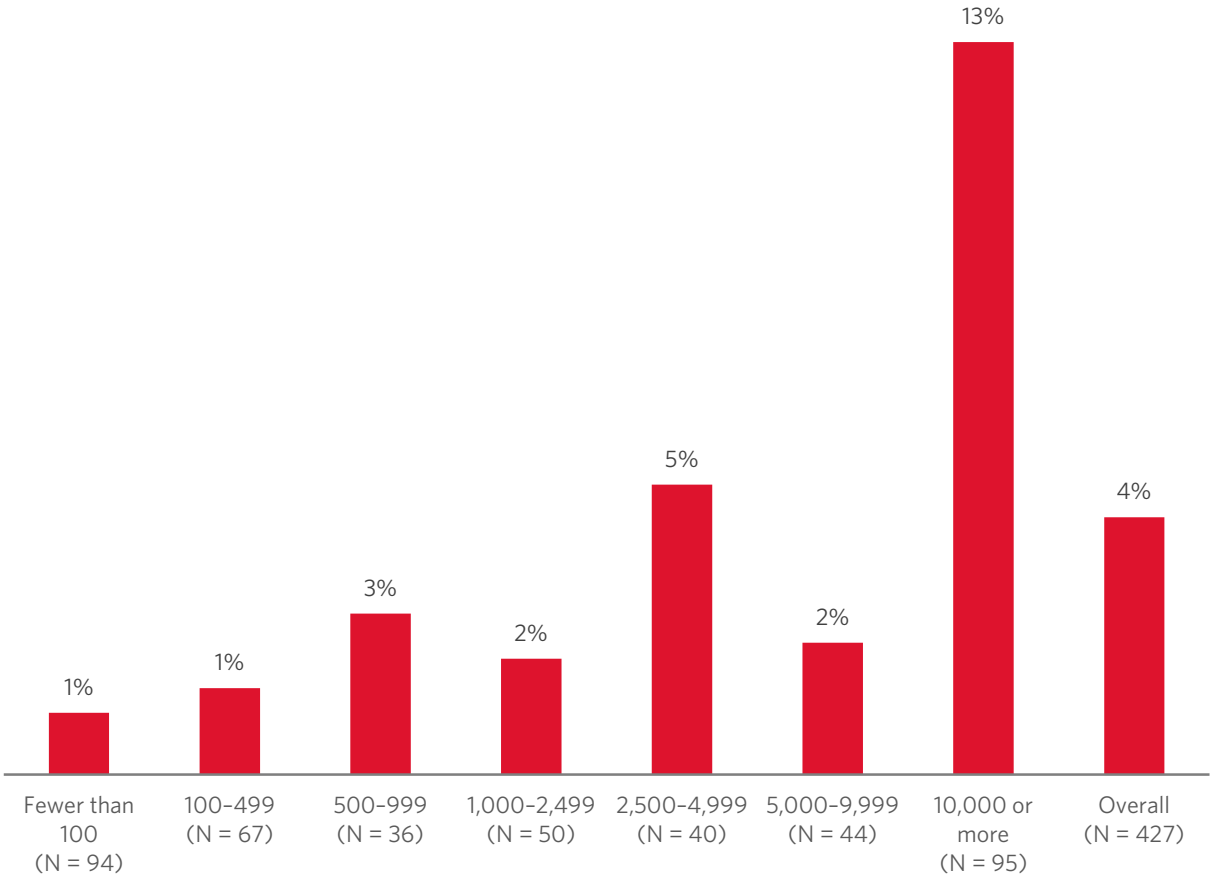
Only one out of every twenty-five employers reported that they were phasing out the PTO/LB programs. Employers in the manufacturing industry were less likely to phase out PTO/LB, while those in the health care and social assistance industry were most likely. Compared to other employers, the largest employers (those with 10,000 or more employees) were more than three times as likely to phase out PTO/LB.

Figure 4: Phasing out PTO or leave banks by selected industries (% of employers)



Note: Industries with fewer than 30 responding employers are not shown.

Figure 5: Phasing out PTO or leave banks by number of employees (% of employers)

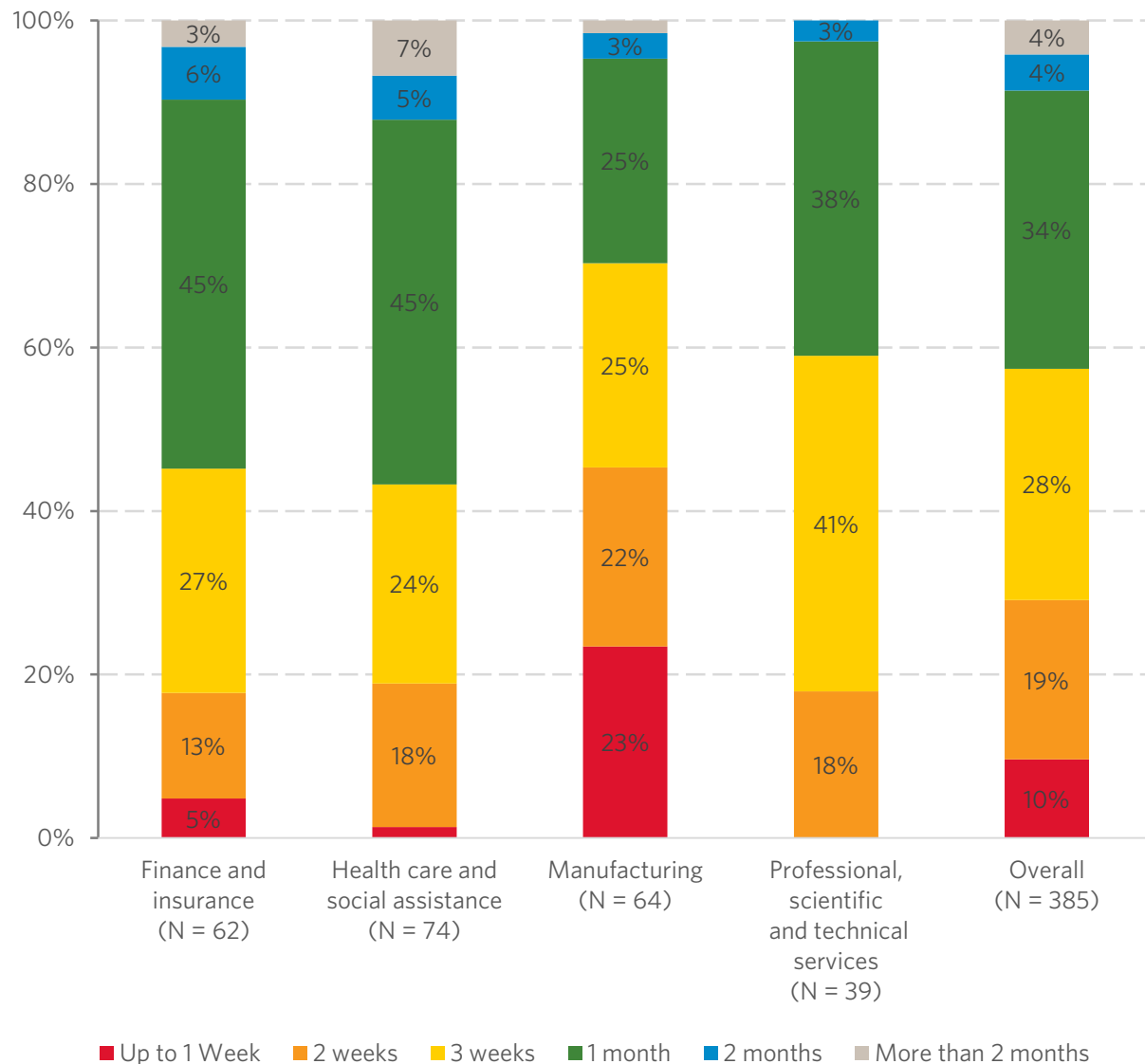


How many PTO/LB days are allowed per year?

Figures 6 and 7 show how many PTO /LB days are allowed per year, by industry and employer size.

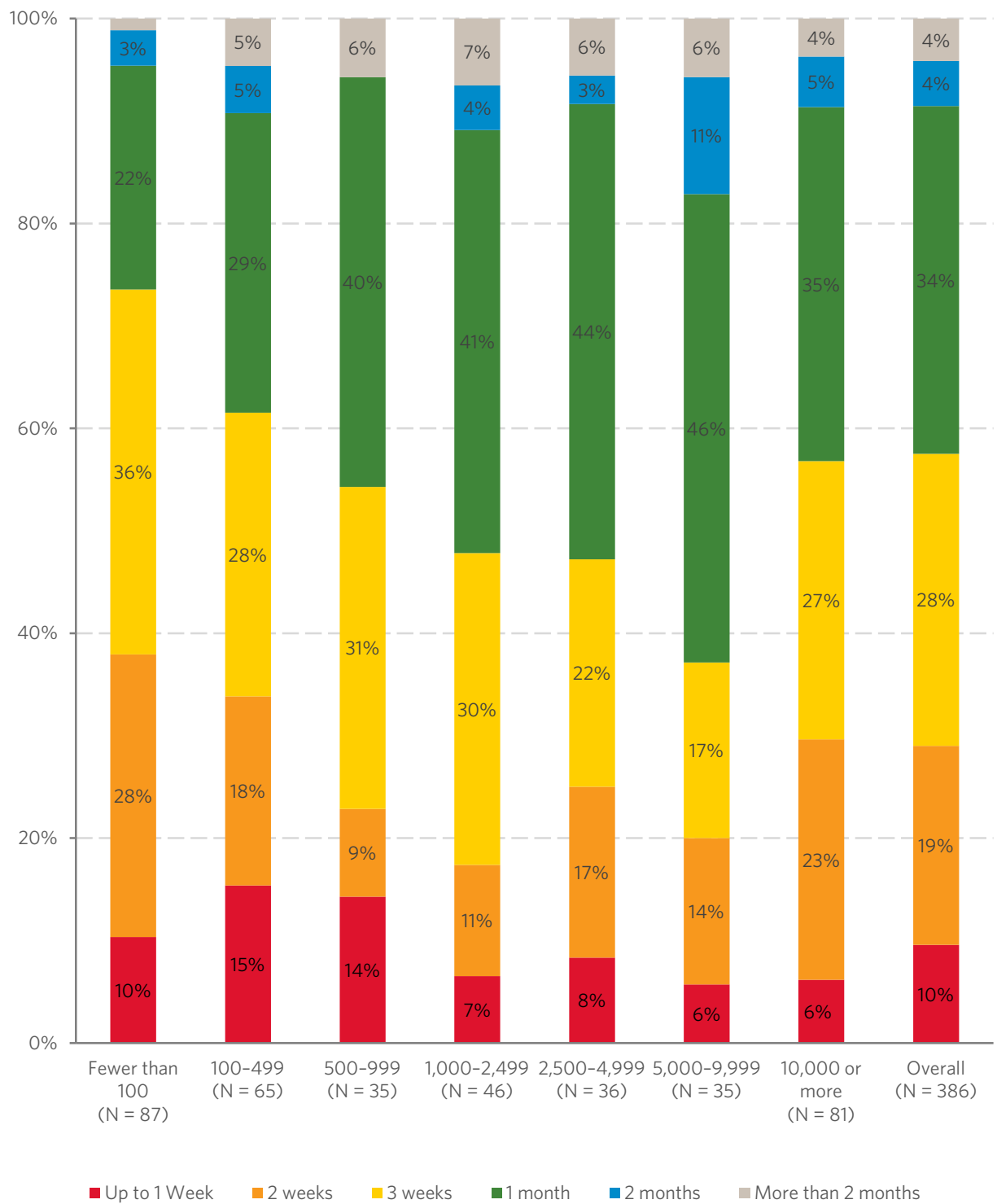
The most common amount of PTO/LB time was one month. One out of every ten employers allowed employees to use up to one week of PTO/LB time. Employers in the finance and insurance and health care and social assistance sectors tended to have more generous PTO/LB benefits compared to those in the manufacturing sector. With the exception of employers with 10,000 or more employees, larger employers typically allowed employees to use more PTO/LB days per year.

Figure 6: PTO or leave bank days allowed per year by selected industries (% of employers)



Note: Industries with fewer than 30 responding employers are not shown.

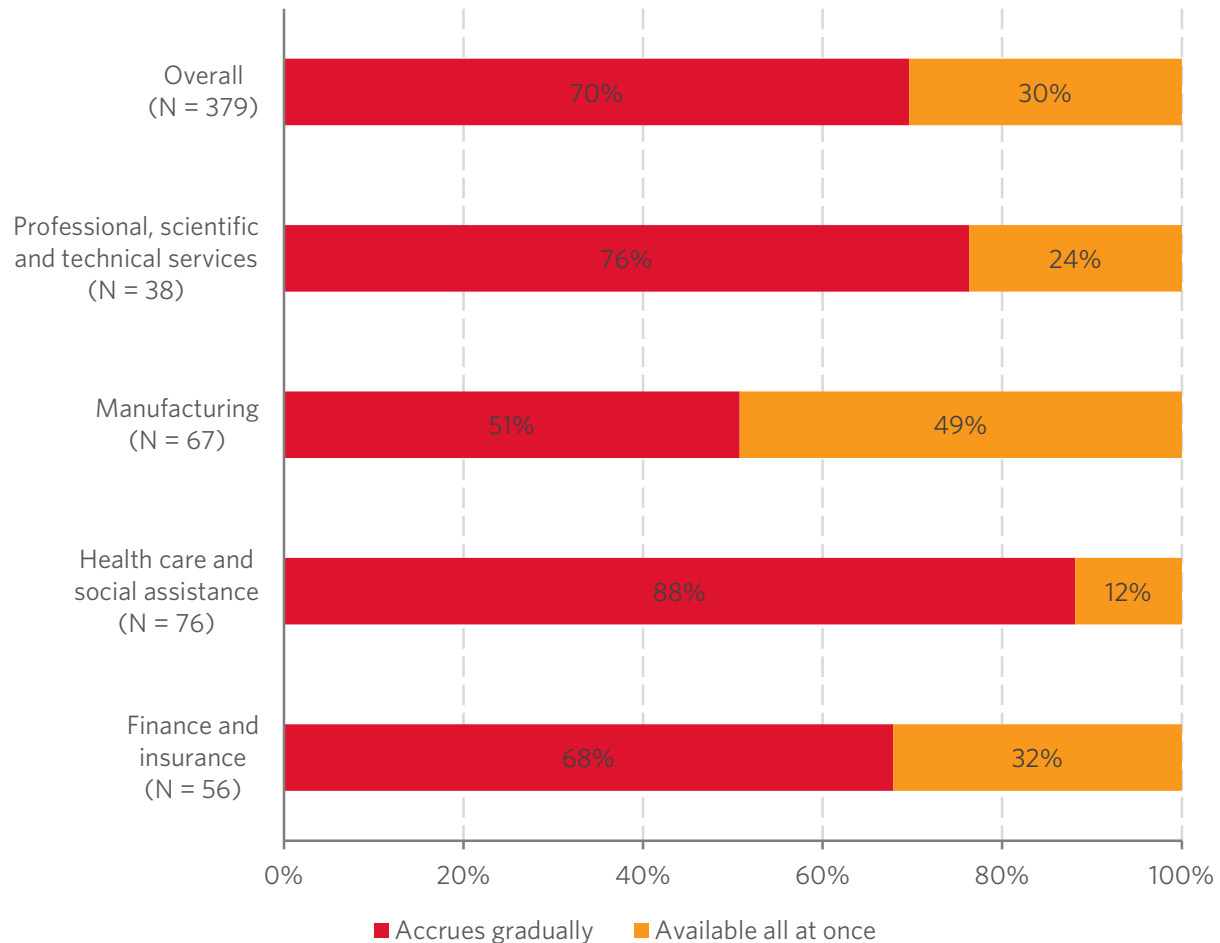
Figure 7: PTO or leave bank days allowed per year by number of employees (% of employers)



How do PTO/LB days accrue each year?

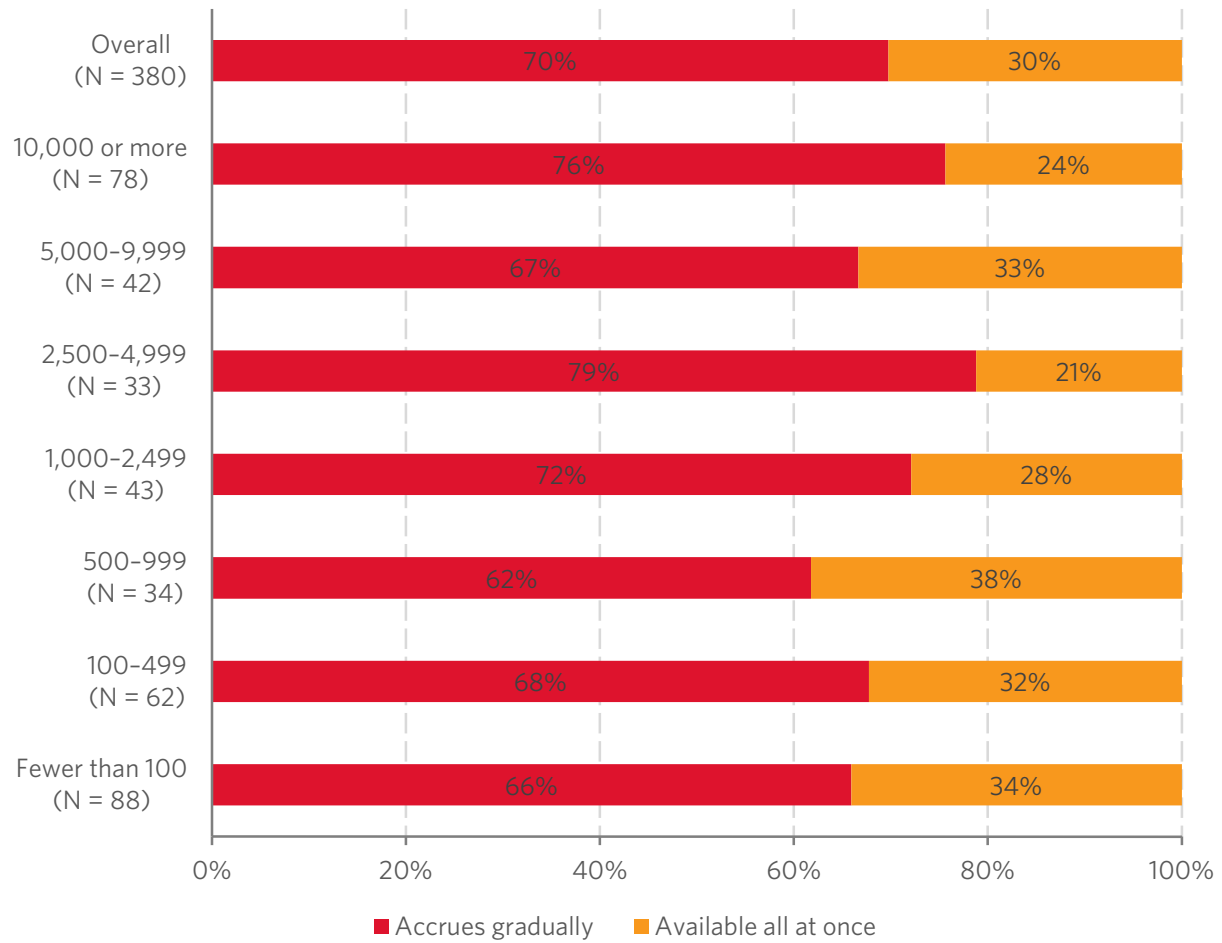
Figures 8 and 9 show how days accrue, by industry and employer size. Overall, more than two-thirds of employers reported that days accrue gradually. Health care and social assistance employers were most likely to use gradual accruals, while nearly half of manufacturing employers made days available all at once. With the exception of employers with between 5,000 and 9,999 employees, smaller employers were most likely to make days available all at once.

Figure 8: How days accrue by selected industries (% of employers)



Note: Industries with fewer than 30 responding employers are not shown.

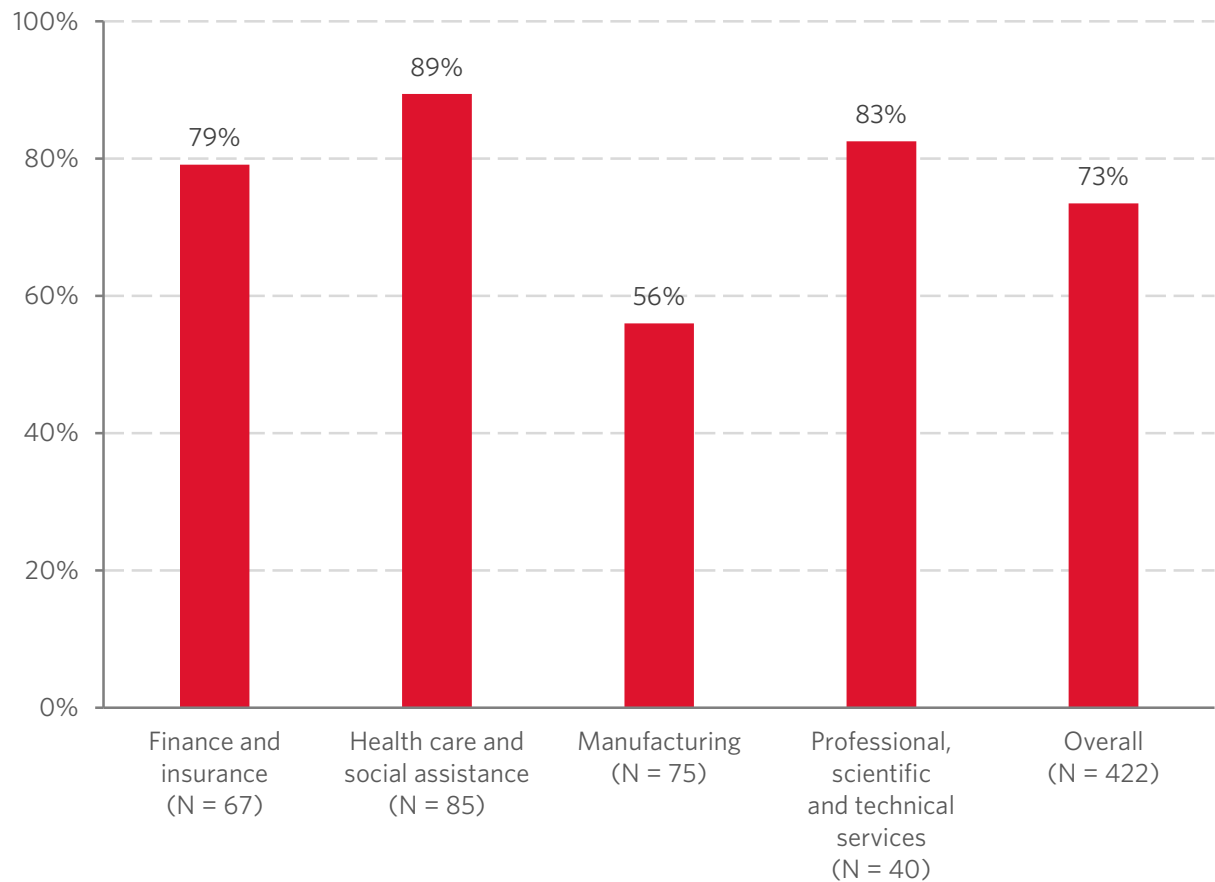
Figure 9: How days are accrued by number of employees (% of employers)



Are unused PTO/LB days from one year allowed to roll over into the next year?

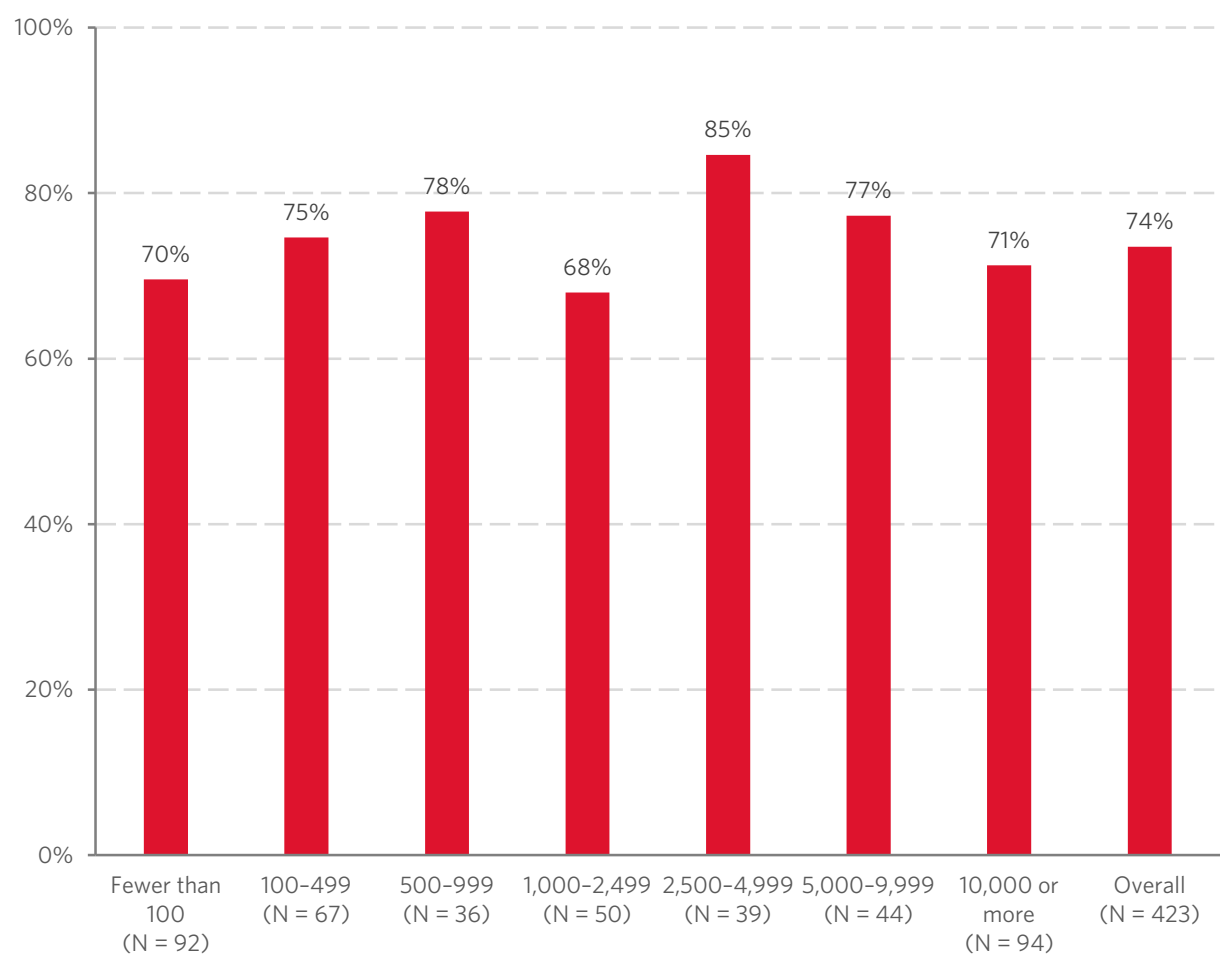
Figures 10 and 11 illustrate the employers' responses to whether unused PTO or leave bank days from one year are allowed to roll over into the next year, by industry, employer size, and state. Nearly three-fourths of employers allowed unused PTO/LB days from one year to roll over into the next year. Employers in the manufacturing industry were less likely to allow unused PTO/LB days from one year to roll over into the next year, while those in the health care and social assistance industry were more likely. Those with between 1,000 to 2,499 employees were less likely to allow unused PTO/LB days from one year to roll over into the next year.

Figure 10: Unused PTO/LB days roll over to the next year by selected industries (% of employers)



Note: Industries with fewer than 30 responding employers are not shown.

Figure 11: Unused PTO/LB days roll over to the next year by number of employees (% of employers)



Appendix

SURVEY ADMINISTRATION

The Leave Management Benchmarking program collects data on nine separate types of leaves. Employers complete a survey for each type of leave for which they would like to receive a benchmarking report. Each leave is considered as a separate survey effort. Employers may complete surveys for as many leaves as they wish, and survey responses across leave types are not connected to one another.

PARTNER ORGANIZATIONS

Employers are recruited for the survey from IBI member organizations, as well as from the membership lists and client bases of partner organizations. As of the publication date of the current report, partner organizations that have invited members and clients to take surveys include the following:

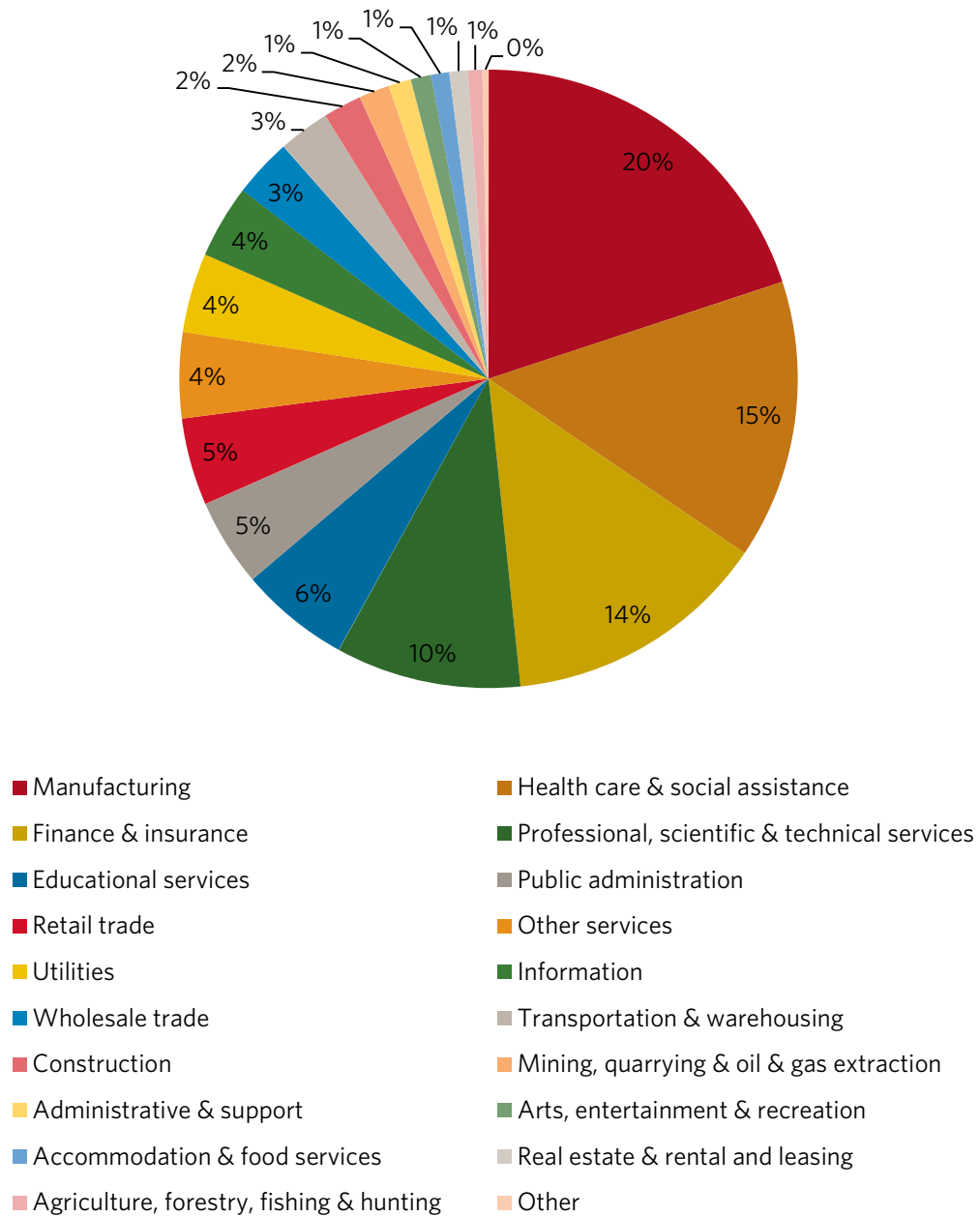
- The Alliance
- Aon Hewitt
- Broadspire
- ClaimVantage
- Employers Health
- Employers Health Coalition
- Employers Healthcare Coalition
- Florida Health Care Coalition
- Greater Philadelphia Business Coalition on Health
- HC21
- Houston Business Coalition on Health
- Liberty Mutual Insurance
- Memphis Business Group on Health
- Midwest Business Group on Health
- Mississippi Business Group on Health
- Nevada Business Group on Health
- Northeastern Oklahoma Business Coalition on Health
- Pacific Business Group on Health
- Pittsburgh Business Group on Health
- The Reed Group
- Rhode Island Business Group on Health
- Sedgwick Claims Management Services, Inc.
- St. Louis Area Business Health Coalition
- Standard Insurance
- Sun Life Financial
- Unum Group
- Washington Health Alliance
- Willis Towers Watson
- WorkPartners
- Wyoming Business Coalition on Health

The survey was opened for responses on July 5, 2017, and remains open continuously. A report on a specific leave type is released when surveys from 30 organizations provide information about their policies, and it is subsequently updated for each additional 30 recorded policy descriptions. Because the interest is primarily in benchmarking employers' policies, all due diligence is made to exclude responses from persons known to represent consultants, absence management suppliers or third-party administrators. The primary method of identifying these organizations is through cross-referencing the domain in the work email address provided by the user for delivering results. Respondents who provide an email address that indicates a personal email service (such as Gmail) are asked to provide a corporate work email to verify their employer status. Responses with unverified email addresses are excluded from analysis.

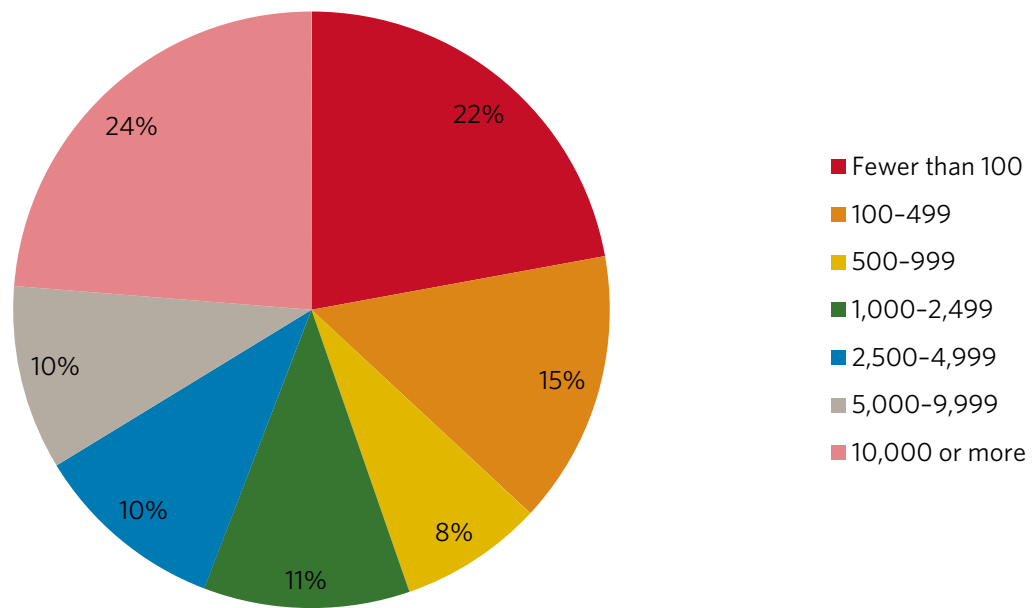
Reports are updated with industry- and state-level benchmarks when 30 additional responses are recorded.

DEMOGRAPHICS OF RESPONDING EMPLOYERS

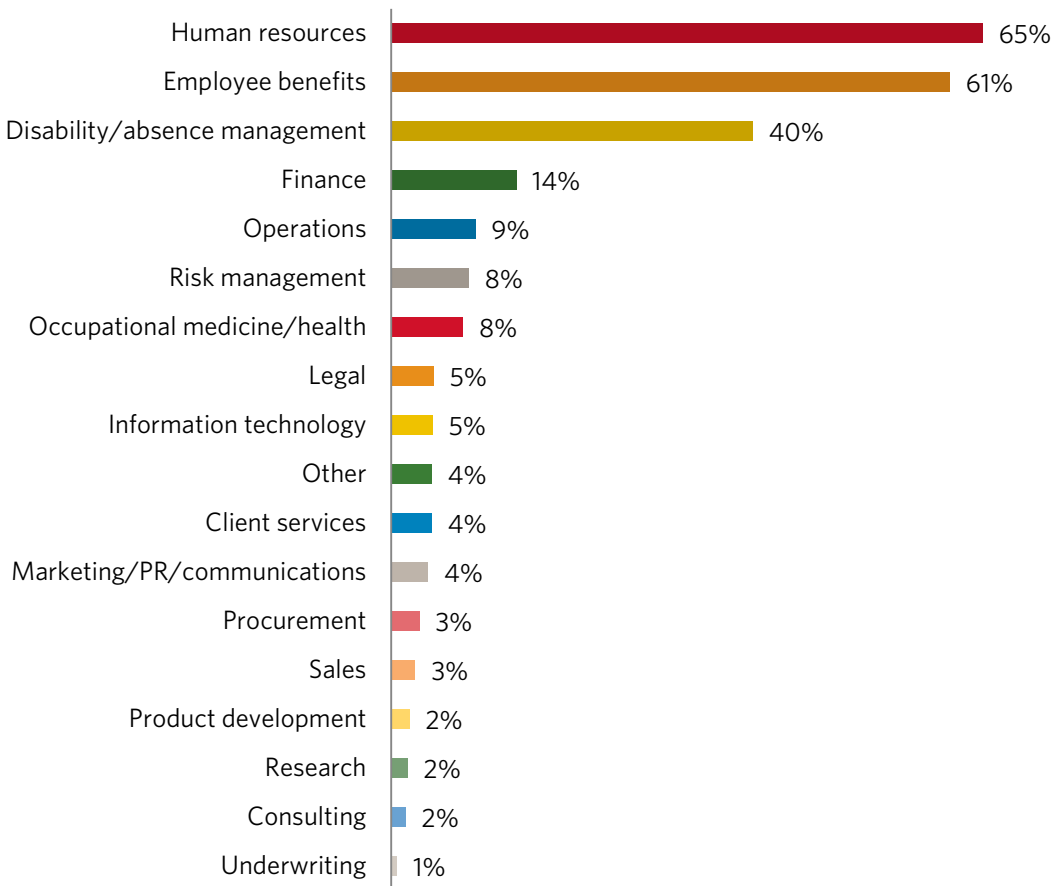
Appendix Figure 1: Industry



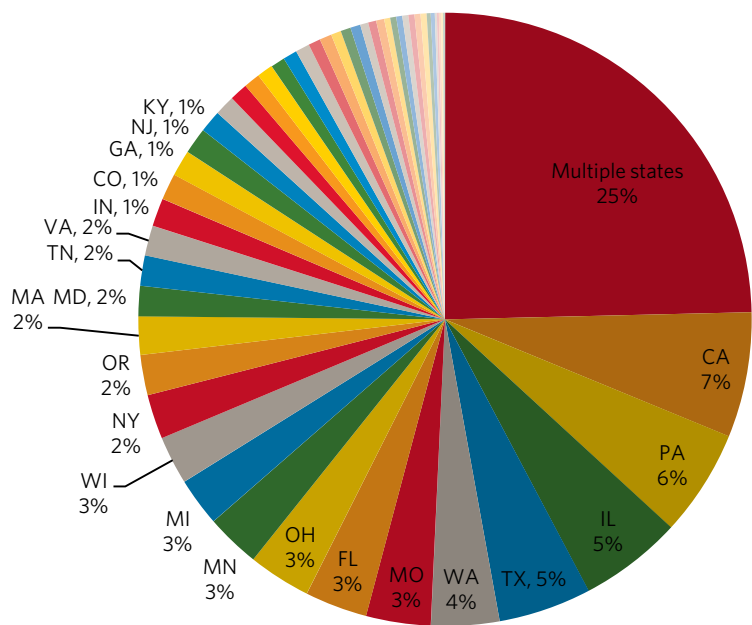
Appendix Figure 2: Company size



Appendix Figure 3: Respondents' organizational functions



Appendix Figure 4: State in which most employees work



Note: States that represented less than 1% of responses are not labeled.

Acknowledgments

Special thanks are due to the National Alliance of Healthcare Purchaser Coalitions for helping coordinate the distribution of the survey through several employer coalitions.

IBI's Leave Management Benchmarking series originated from the Leave Management Issue Group, part of IBI's Research Committee. IBI gratefully acknowledges representatives from the following organizations for providing expert guidance during the development of the Leave Policy Benchmarking Survey.

Leave Management Issue Group members:

- Angie Brown, ClaimVantage
- Ed Crouch, MD, Liberty Mutual Insurance
- Marc Cunningham, Broadspire
- Susan Fabry, Sun Life Financial
- Michelle Jackson, Unum Group
- Annie Jantz, Lincoln Financial Group
- Gene Lanzoni, The Guardian Life Insurance Company of America
- David Setzkorn, Standard Insurance

Terri Rhodes, President of the Disability Management Employer Coalition (DMEC), also provided valuable guidance on the development of the survey.

IBI RESEARCH COMMITTEE MEMBERS

- | | | |
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| • AMGEN | • Lockton Companies | • Standard Insurance |
| • Anthem | • Mercer-Trion | • Sun Life Financial |
| • Aon Hewitt | • Merck & Co. | • Teladoc |
| • Broadspire | • Morneau Shepell | • UnitedHealthcare |
| • CareWorks Absence Management | • Novo Nordisk | • Unum Group |
| • ClaimVantage | • Pfizer | • WorkPartners |
| • Cigna | • Prudential Financial | • Willis Towers Watson |
| • The Guardian Life Insurance Company of America | • The Reed Group | • Zurich Insurance Group |
| • The Hartford | • Reliance Standard/Matrix Absence Management | |