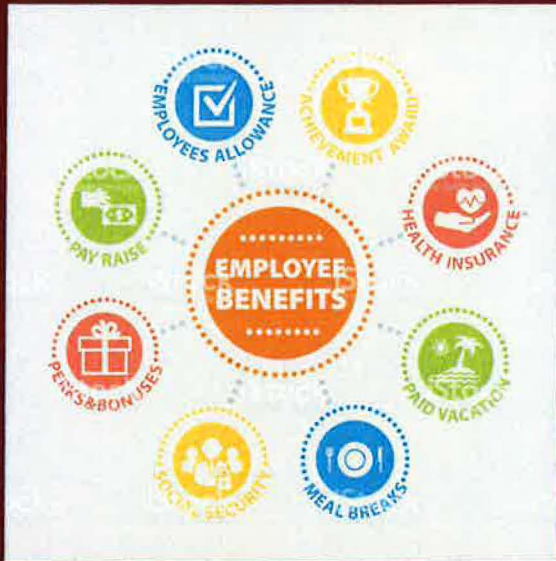


PTO PRACTICES

George Asimou

Multiple surveys, including the one conducted by Glassdoor (a leading jobs and recruiting site), suggest that today's employees increasingly prefer better benefits, including more flexible and more generous paid time off (PTO) programs, over pay increases. This trend is in line with younger employees wanting to establish a more favorable work-life balance than what previous generations experienced. In an employment environment where the unemployment rate is low and companies are getting more aggressive in their efforts to recruit and retain top talent, employers need to continually review their PTO practices to ensure they are competitive.



Federal policymakers are now considering legislation that would enable employers to offer employees more flexibility in how they accumulate and take paid time off. The Trump Administration recently issued a Statement of Administration Policy advocating passage of the Working Families Flexibility Act (H.R. 1180). This bill would amend the Fair Labor Standards Act, allowing private sector employers to give their employees the choice to receive paid time off in lieu of overtime compensation. Such "comp time" alternative arrangements are very common in the public sector but are prohibited for private employers under current law.

The Working Families Flexibility Act passed the U.S. House of Representatives in May and now awaits action by the U.S. Senate before the President can sign the bill into law. Bill advocates say that the measure provides more flexibility for employees to choose how they wish to be compensated. The Act includes protections for both employers and employees, including:

- Employers and employees must mutually agree to provide PTO instead of overtime compensation;
- To be eligible, an employee must have worked at least 1,000 hours during the 12-month period preceding the date the employee agrees to receive compensatory time;
- Comp time would be capped at 160 hours per year;
- Employees can choose when to take PTO within a 12-month period, assuming proper notice; and
- Unused comp time must be paid out at the end of the 12-month usage period, at termination, or upon request by the employee. Opponents of Working Families Flexibility Act are skeptical that the Act's protections would protect employees from coercion and express concern that, in practice, comp time schemes result in lost wages. They advocate, instead, for mandated paid time off on top of wages. While these are valid concerns, it is also true that comp time policies are generally popular among the public sector workforces that have them.

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For the past decade, governmental actors have become progressively more aggressive in regulating paid time off. Tentative first steps in the area of sick leave have largely yielded mandates that are less generous than the benefits offered by most employers. The Working Families Flexibility Act can be viewed as a more market-based iteration of this trend. The fact that both major political parties are trying to address work/life balance legislatively certainly suggests that elected representatives have discerned there are votes in tackling the issue.

In today's competitive job market, employers are well served in being equally pro-active in addressing the issue. [HR](#)



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