Introduction

Research into human resources (HR) in the public sector has consistently found that employee leave programs are some of the most highly valued employee benefits. This is true across a spectrum of approaches used to run the programs and across the types of leave that are provided.

But when leave is not managed fairly and consistently, it can negatively impact an entity’s finances, spur time-consuming lawsuits, complicate staff management, and lead to the deterioration of employee morale and engagement.

“It’s a complex issue that rarely gets a lot of attention unless something happens, and then it’s a smack in your face,” says Talona Felix, workplace business consultant at UKG, an industry leader in HR workforce management solutions.

The world of leave is inhabited by a confusing interplay of rules, processes, and even terminology, which may vary widely from place to place and sometimes differ among different departments or employee groups in the same organization.

Governments offer a variety of kinds of leave. The list just begins with time off for illness, the birth of a new child, vacation days and holidays; time off to make up for overtime in lieu of cash; days off to provide military service; and so-called administrative leave, which is a catch-all phrase for days off given by supervisors for a wide variety of purposes.¹

A few basic principles:

• Employees may be granted a set number of leave days each year or may accrue them on a periodic basis, earning a set number of sick leave and vacation or annual leave hours for each month worked. The rate at which annual leave is accrued often rises with seniority. Many public sector employers put a limit on the number of both vacation and sick days that can be accumulated.

• State and local leave policies and practices may be influenced by state or local code, federal policy, collective bargaining agreements, and administrative payroll processes, all of which can change due to external circumstances, shifting values, fiscal stress, or staffing needs. Many HR officials, for example, are wondering now about the impact of increased telework on sick leave usage. Frequent managerial adjustments also have been particularly prevalent over the course of the COVID-19 pandemic.

• Frequently, a portion of unused leave can be cashed out when an employee retires or separates from government service. The total amount owed to employees is recorded under the line item for compensated absences in annual financial reports. Like pensions and other postemployment health benefits (OPEB), unused leave can create a long-term unfunded liability.
In a perfect world, employees honestly utilize their leave days, adhering to written policies and accurately recording the time taken off so that leave balances are not inflated.

Still, it falls to employers to communicate complex rules, make sure leave accruals are accurately recorded, and make sure leave is approved, monitored, documented, and implemented fairly across the organization. Leave administrators also need to understand the technologies that can ease leave administration, improve transparency, and control costs.

Managing leave successfully requires an understanding at the top of the organization that this is an important area of focus. At the same time, supervisors need guidance and training to make certain that leave policies are followed effectively. As an internal audit of leave taking in Seattle Public Schools noted, “Management plays a critical role in setting the tone for staff.”

Prior to the pandemic, a modest but growing number of state and local governments started paid parental and paid family leave programs. In fact, paid parental leave was a major focus of conversation at the January 2020 midyear meeting of the National Association of State Personnel Executives, before COVID-19 began to consume the bandwidth of most HR professionals.

In recent months, paid parental leave for state and local employees has reappeared as a topic of debate in state legislatures. In early May, Georgia’s governor signed a bill providing three weeks of paid parental leave for state workers as of July 1, 2021. A little more than a month earlier, the Louisville Metro Council passed an ordinance providing twelve weeks of paid parental leave for city employees.

The details of paid parental leave programs for public sector employees differ. North Carolina’s governor provided up to eight weeks of parental leave to employees of cabinet agencies by executive order in May 2019. Michigan started offering state employees 12 weeks of paid parental leave at the beginning of 2021.

One primary motivation for these increasingly prevalent leave programs is their impact on employee recruitment and retention. With employees highly valuing work/life balance, parental and other flexible leave policies provide an alluring enticement to workers, particularly when faced with public sector salaries that are often below private sector levels. “A lot of job candidates really look at how much leave they will receive and the policies relating to the flexibility of using it,” says Linda Misegadis, public sector business consulting director at UKG.

Increased attention to the importance of paid family and medical leave is also very much in the air. Since 1993, the federal government has mandated that both the public sector and private sector provide unpaid leave for an employee’s own medical needs or to care for a close family member. (See “Unpaid Leave,” page 6).

During the pandemic, paid family and medical leave expanded dramatically, when congress passed the Families First Coronavirus Response Act (FFCRA). This law mandated temporary paid medical and family leave policies for most employers through the end of 2020. Entering 2021, those mandates are no longer in effect, but a handful of states, mostly on the coasts, have established paid family leave mandates and insurance-style programs that affect both private and public employers.

Following are details of five of the other major types of leave — vacation, sick leave, compensatory time, administrative leave, and unpaid leave.
Vacation

In some entities, “vacation” and “annual leave” are used synonymously. In others, “annual leave” may also encompass sick leave. An approach that is catching on in the private sector, but not among governments yet, is to offer paid time off (PTO) and dispense with a wider variety of leave categories. (See Paid Time Off Trend box, page 7).

There are several ways in which the delivery of vacation time varies from government to government and even among departments in the same entity.

- The number of hours accrued each month and the increase in the accrual rate with more years of experience.
- The amount of vacation that can be rolled over from one year to the next.
- The amount of vacation time that can be cashed out when retiring or leaving employment prior to retirement.
- The question of whether unused sick leave time can be converted to vacation time.

Changes to these rules were relatively common during the pandemic. For example, one Western state, which normally caps the amount of vacation time that can be shifted from one year to the next at 720 hours, temporarily lifted the cap, permitting a shift of 888 hours between calendar years 2020 and 2021. This was done to accommodate employees who were not able to take sufficient vacation during the pandemic because of the essential nature of their jobs.

Sick leave

The vast majority of state and local governments have paid sick leave programs. According to the most recent National Compensation Survey, 91% of state and local government employees are entitled to paid sick leave. This is a higher rate than is found in the private sector, where 75% of employees have paid sick leave. The percentage of the civilian population that has paid sick leave has been growing since 2010, when 67% of U.S. employees had this benefit.9, 10

How sick leave is administered and the rate at which it is accrued is different in different places. Public sector organizations also differ in terms of what happens to unused sick leave time. In some cases, it can be converted to vacation. Or it can be rolled over to subsequent years. As with unused vacation, many governments allow all or a portion of unused sick leave to be converted to cash on retirement or when separating from service for other reasons. For example, in Salem, Ohio, employees who are in good standing are paid 25% of earned unused sick leave, with the payment capped at 320 hours.11

Other governments have developed bonus programs to reward employees who have unused sick leave. In the Arkansas Department of Transportation, for example, someone with a minimum of 400 hours of unused sick leave upon retirement can receive a bonus of up to $7,500.

Governments may also provide retiring employees with service credit for unused sick time, which can result in increased pension benefits. In the past, some governments allowed cash payments received for unused sick and vacation leave to be added to final-year salary calculations, which could increase pension benefits far more dramatically. Following the significant downturn in pension funding levels after the Great Recession, many local and state pension reform initiatives changed laws so that applying cash payments to final salary was no longer permitted.
Leave Sharing Programs

In 1988, Congress passed a law allowing employees of the federal government to share unused leave with fellow employees. While some state and local governments may have experimented with the same idea before the federal program was launched, many more developed leave donation programs in the decades that followed.

Donated leave programs work in several different ways. Some governments have leave banks, in which an employee who donates sick time can become a member of the bank and receive leave hours, usually up to a maximum amount. Many local and state governments also allow employees to donate their unused sick leave to a fellow employee who has a serious medical problem or must care for a seriously ill close relative.

Employees of the Arkansas Department of Transportation, for example, can participate in a donated leave program if they are willing to deposit at least eight hours of their own leave. In that case, they are eligible to receive donated leave if they have used up their own accrued sick and annual leave time and are in a situation in which "catastrophic leave" is needed.

Employees become eligible to participate in the catastrophic leave program after completing an enrollment form and meeting the donation requirements. When catastrophic leave is needed, employees submit an application to a catastrophic leave committee, which then reviews and makes a recommendation as to whether the situation qualifies. Once approved, employees can initially receive up to 1,040 hours based on individual circumstances. The Arkansas DOT donated leave program has a 2,080-hour lifetime maximum per employee.

Compensatory time

Compensatory time generally applies to nonexempt employees who are paid 150% (time and a half) of their normal pay if they work overtime. In common parlance, overtime is generally thought of as being paid in cash. But, in many cases, the public sector may provide compensatory time instead of dollars, which means that one day of overtime can get translated to a day and a half of leave time.

This does not mean that governments are relieved of the need to pay the bill for overtime. While offering time instead of pay can save organizations in the short term, costs add up long term. That’s especially true since leave payouts are based on an employee’s salary at the time of separation, not when the overtime actually occurred. If their pay has done better than keep up with inflation, that means this alternative can be an expensive option for states or localities.

A protection against overuse of compensatory time is built into the Fair Labor Standards Act, which sets a maximum of 240 hours of comp time that can be accrued. For first responders and seasonal employees, the maximum is 480 hours of comp time. When the maximum accruals are reached, employees revert back to receiving regular time and a half overtime pay.

Administrative leave

The use of administrative leave varies greatly from one entity to another. In some governments, audits have found that it also varies within a government from one department or supervisor to another. Unless the uses of administrative leave are carefully spelled out, this category can become a kind of “slush fund,” as one leave administrator told us.

* A UKG report titled The Great Overtime Dilemma was also authored by Katherine Barrett and Richard Greene and published in 2020.
Administrative Leave in the Pandemic

Administrative leave can sometimes be mismanaged, but it came in very handy for HR and department managers in dealing with the unprecedented workplace stresses of the pandemic. Many governments used these ad hoc days off to help employees retain sick leave and vacation days when they missed work for pandemic-related reasons.

After the Families First Coronavirus Response Act started to take effect following its late March 2020 passage, additional sick leave and family leave days were mandated for many public and private sector employees and the use of administrative leave diminished.**

When the FFCRA sick leave and family leave mandates expired at the end of 2020, some state and local governments created temporary extension policies of their own. But others went back to relying on administrative leave to provide additional time off for employees whose own sick leave or annual leave balances had run down.

Unpaid leave

One of the trickiest aspects of leave administration is coordinating paid leave programs with unpaid leave under the Family and Medical Leave act of 1993, which provides 12 weeks off for medical reasons or other qualifying emergencies for an employee to take on his or her own behalf or due to care needed by a family member.14

Managing unpaid leave can be complex, with many state and local governments requiring a cascading array of paid leave that must run concurrently with federally mandated unpaid family leave.

** The FFCRA required most public and private sector employers to provide two weeks of paid sick leave for their employees and up to 10 additional weeks of leave at two-thirds pay for reasons related to COVID-19, including child care needs caused by closed schools or day care. (Note that the act permitted employers to exclude from this coverage healthcare workers and emergency responders, and it also excluded private companies that had 500 employees or more).
In a typical situation, an employee may be required to use sick leave days, short-term disability benefits, and annual leave concurrently with unpaid family leave. These requirements help employers avoid staffing problems—and potential burnout or escalating overtime costs. Concurrent use of paid leave avoids the accumulation of large leave buckets and helps departments steer clear of the morale issues that develop among working staff when they’re covering for a colleague who is out on family medical leave and then have to cover again when that employee immediately follows that leave with several weeks of vacation.

Situations that qualify for FMLA can be found on the [Department of Labor Family and Medical Leave Act website](https://www.dol.gov/whd/flsa), with a [full guide to FMLA policies](https://www.dol.gov/whd/flsa) also available. FMLA leave can be taken through a continuous 12-week period, but also may provide for intermittent leave days or allow an employee to have a reduced schedule.

Group health insurance continues during this period, just as it would if the employee was working. Some states also have supplemented federal family leave policies with their own. State policies must, at a minimum, be in compliance with federal laws, but can also supplement what the federal government mandates.

Military leave is a particularly confusing area for managers, with available information that is sometimes contradictory. It is mandated by the federal government so that employees who are on active duty lose no job rights when they muster out. Military leave rules also cover reserve or National Guard duty. Federal rules are outlined in the [Uniformed Services Employment and Reemployment Rights Act of 1994](https://www.govinfo.gov/content/pkg/USCode-2021-title10-bookvi/pdf/USCode-2021-title10-bookvi-chap60.pdf). In some cases, public sector entities are required to take care of the difference between an employee’s normal pay and what he or she may earn from the military. Many states also have their own laws for both paid and unpaid military leave. Leave accommodations may also be required based on the Americans with Disabilities Act.

### The Paid Time Off Trend

Particularly in the private sector, paid time off or PTO approaches are increasingly popular as they vastly simplify leave programs, erasing the many different leave categories and the sometimes-arcane rules affecting how different kinds of leave interplay with one another.

In a PTO plan, employees are given a bucket of leave time that primarily includes sick and annual leave or vacation time. Employees don’t have to specify the reason they’re taking time off, although they still do need to seek approval for days off in advance, when that’s possible.

Some public sector HR officials are reticent to pursue this approach because they’re concerned about the political fallout. “Agencies are slow to take this on because this type of change requires some approval from a political body” like the legislature, says Felix from UKG. Reform comes with visibility and that visibility puts a target on benefits.

Denver is one city that has moved toward a PTO plan. It launched this leave reform in 2010, addressing the political challenge of reforming leave by focusing the PTO plan on employees hired after January 1 of that year. Denver’s PTO plan combines sick leave and annual leave, with maximum accruals of leave capped at 400 hours.15

As part of the new plan, the city also offered to foot the cost for short-term disability benefits, which would otherwise take about $80 a month out of an employee’s paycheck. It also added a new 40-hour-per-event bereavement benefit paid by the city. Neither of those new benefits can be accrued when they’re not used.

The reduction in leave that was accomplished in the PTO plan greatly diminished the city’s leave liability. On retirement, long-time employees had routinely been receiving large cash payouts. In the PTO plan, the potential long-term cash payout is less than half of previous amounts.
Part Two: Challenges

The complexity of leave management isn’t just a side issue for HR offices in states and localities. Poorly managed leave programs can result in staffing complexities, employee morale problems, and fiscal stress.

The challenge of leave management is particularly acute in the many governments in which HR functions are decentralized. Prior to the Great Recession, for example, Denver left leave management up to individual agencies. “There was no consistency,” says Susan Judah, who administers the time and attendance system that was put in place in 2010. “Each agency had its own HR group and did it their way.”

Requests for leave came in triplicate paper form (a white copy for payroll; a yellow copy for the agency; a pink copy for the employee to keep). Employees had trouble keeping up with the amount of leave they had accrued, and inconsistent supervisor decisions led to charges of favoritism and frustrated employees. “You wouldn’t know what to say when one employee said someone else got different treatment,” says Judah. “There was no definitive answer, and nobody qualified to review the information.”

Fortunately for all concerned, Denver has gotten past these issues. Payroll employees were brought together in a centralized payroll department in 2007, a new centralized time and attendance system was implemented in 2008, and HR employees were brought together in a central HR department in 2009. “Now we have professionals whose job it is to review information and one of them is a registered nurse, in charge of our leave administration and FMLA,” says Judah. “Now employees who are in similar situations receive similar responses in terms of their leave.”

But many entities are still struggling with problems that come from paper-based leave systems, inconsistent administration of leave programs, and a lack of management attention that can result in inaccurate leave accruals, employee gaming of the system, and unnecessary employer costs.

Leave liability

No leave issue is more of a fiscal threat to governments than “leave liability,” the amount that can be owed to employees for unused days off. Like pensions and OPEB, principally retiree healthcare, unused leave represents an often-escalating unfunded liability that comes due when employees retire or otherwise sever their relationships with their government employers.

The unfunded liability from unused leave is recorded in annual reports as compensated absences, based on a financial standard that the Governmental Accounting Standards Board (GASB) passed in 1992. The GASB is currently seeking to revise that standard to provide greater consistency and comparability across governments.

The amounts involved can be sizable. As of fiscal year 2019, California’s compensated absence liability was nearly $4 billion. (See “The Impact of Furloughs on Leave Balances in California” box, page 10.)

As Massachusetts inspector general Glenn A. Cunha told the legislature’s Joint Committee on Public Service in a late 2017 memo, “High leave balances expose the Commonwealth to significant financial liabilities when employees leave state service.”

In the memo, Cunha cited the example of a community college president who had amassed 1,200 days of unused sick leave and received a sick leave payout of $266,000 when he retired. Testifying before the same committee in October 2019, Cunha repeated his concerns, saying no progress had been made in capping sick leave accruals or payouts.
By the end of fiscal year 2020, the $558 million in compensated absence liabilities that was cited in his 2017 memo had grown to $642 million.\(^{21}\)

While the unfunded liability for leave is on the books for governments as a whole, paying it on an annual basis generally falls to individual agencies. If leave balances have not been adequately controlled or tracked, unexpected cash payouts can cause significant financial difficulties for agencies that have not budgeted for that expense.

To handle the cost, some agencies may request contingency appropriations from the budget office—never an action welcomed by top officials. They may also need to hold positions vacant to cover unexpected large leave balance payouts. That was the case for one California department that kept its executive director position unfilled for almost eight months because the former executive director left state service with a leave balance that was close to 70% of his salary.\(^{22}\)

To avoid large end-of-service payouts, some governments will offer employees the option to cash out part of their accumulated leave prior to retirement or otherwise leaving state service. Some local governments also require that unused leave balances be paid out when employees transfer from one agency to another. This helps agencies avoid paying for unused leave that was earned while working for another agency.

Perhaps the best way to limit the accumulation of leave balances is to put a cap on the amount of leave that can be rolled over from one year to the next. Sometimes, the cap on leave accrual depends on how long an employee has worked for the government. For state employees with more than five years of experience in Oklahoma, accrued leave has normally been capped at 480 hours. For those with fewer years on the job, the cap is 240 hours.\(^{23}\)

But caps may change over time. They may be subject to union negotiation and rise or fall based on external events. For example, in early 2021, Oklahoma State Sen. Frank Simpson was moved by the problems of the pandemic to introduce a bill to remove the cap on annual leave during a public health emergency, allowing employees to carry leave above the cap over to the next fiscal year following the year in which a governor’s emergency declaration took place.

The bill was signed into law in April 2021.\(^{24}\) As Simpson said in a video posted on Facebook, “This will give them [employees] ample opportunity, hopefully when this pandemic starts coming to an end, to take advantage of their annual leave and not sacrifice annual leave. As hard as our state employees have worked this last year, the last thing we want to do is penalize them for working so many hours.”\(^{25}\)

Of course, caps on leave balances only work when they’re spelled out clearly and are enforced. In 2019, a New York Comptroller’s Office audit sparked a series of responses and reports that looked into potential leave-based overpayments in Long Beach, New York. One issue sparking city council and media attention was the apparently incorrect interpretation of a cap that had been put on leave balances through an early retirement incentive program.

The incentive had provided that departing employees were entitled to a payout of up to 30% of accumulated unused sick leave. The incorrect interpretation of the rule led to the 30% being regarded as a floor, not a ceiling, by some managers, with retiring employees able to cash out on at least 30% of unused sick leave, with no upper limit.\(^{26}\)
Employee furloughs have often been used to cut governmental costs in difficult economic times. Though they save cash immediately in unpaid salaries, long-term liabilities associated with untaken leave days continue to accumulate.

That was the case in California. For five years, during and after the Great Recession, the state required most employees to take unpaid furlough days, with the number of days differing based on employee group. In 2013, the Legislative Analyst's Office found that from 2008 through 2012, average employees' leave balances increased by 16 days. An annual payment of $270 million to departing employees in fiscal year 2012 was described in the report as at “record levels.”

Furloughs added to an already high level of compensated absences as shown in the state's financial report. That unfunded liability, according to the Legislative Analyst's Office in 2013, could “pose fiscal stress on departments, reduce budget transparency, strain management employee relations and negatively affect public trust in state employee management.”

The state has made some efforts to contain leave balances. For example, in 2014, California offered a leave buy-back program as a small but important step “in reducing the financial burden of high leave balances,” Pat McConahay, spokeswoman for the Department of Human Resources, said in 2014.

One benefit to allowing employees to cash out leave sooner is that the amounts are calculated based on their current rates of pay rather than the higher rates that will come with more years of experience and more annual salary hikes.

Inaccurate data

Errors in calculating leave and poor tracking of employee leave balances can result in unnecessary costs to a state or locality. Audits often cite basic management weaknesses—lax approval processes, poor documentation, and poorly enforced timekeeping practices—as the culprits of leave accrual inaccuracy. For example, a 2019 Richmond, Virginia payroll audit noted that, “Through the year, employees took vacation leave, however, their supervisors approved the timecards without deducting the vacation hours taken.”

A Harrisburg, Pennsylvania School District audit the same year found a “significant number of management employees” weren’t consistently using the existing timekeeping system to clock in or out. This led to the need to go back and fix time records. Even then, the adjustments to prior periods yielded results that weren’t necessarily reliable.

Auditors there also cited weak internal controls in how the school district tracked employee vacation and personal leave usage. A follow-up audit two years later found many of these problems were being corrected with the help of a new manual that delineated operating procedures for timekeeping and new practices for reviewing and approving leave usage. An important addition to the district's management controls was an emphasis on training for district principals and department supervisors who approve work schedules and leave usage.

Leave abuse

Though it would be an exaggeration to say there are hordes of employees consciously trying to take advantage of their employers’ leave policies, there have been enough cases that it’s important for governments to remain wary.

“There’s an old saying, ‘The best way to lose a good employee is to do nothing about a bad one,’” says Alicia Hunt, assistant division head of HR for the Arkansas DOT. “That really applies when it comes to attendance.”
Leave abuse is sometimes uncovered by investigators in circumstances when an employee holds two jobs at once. This was the case in New York, when the comptroller’s office discovered that an employee in the Office for People with Developmental Disabilities also worked for the State University of New York (SUNY) and had used 64 hours of sick leave while attending basketball games for his job at SUNY. That same report found 69 employees who had taken a total of 511 hours of sick leave at their New York State job while working for a second employer.\(^\text{31}\)

Data analysis also sometimes uncovers unsavory links between overtime and sick leave use. For example, an audit in Illinois found that some corrections officers were taking sick leave and working overtime on the same day, thus translating a normal day of pay into one that provided a wage at time and a half the normal rate.\(^\text{32}\)

The most dramatic examples of leave abuse often come from hotline or other tips to inspector general (IG) offices. In another New York case, the state’s IG announced the arrest in March 2020 of an Office of Temporary and Disability Assistance employee who had forged more than a dozen doctors’ notes, obtaining 75 days of paid sick leave—the equivalent of $11,868 in salary—during a six-month period.\(^\text{33}\)

In Chicago, the IG reported its investigation of three police communications operators who had used intermittent unpaid family medical leave to go on a cruise in 2017. The IG reported that two of the three had also taken 10 previous cruises, using sick leave and unpaid leave, under the federal Family and Medical Leave Act, dating back to 2010. Following the IG investigation, the employees all were discharged or resigned, and all were placed on a list of people who were ineligible for other jobs in city government.\(^\text{34}\)

**Part Three: Solutions**

For HR directors from coast to coast, leave is currently a front-burner topic.\(^\text{35}\) They’re confronting the challenges described in section two of this report and seeking solutions.

Fortunately, none of the obstacles to the appropriate, efficient, and fair use of leave are insurmountable. Centralization of leave administration can certainly help, as can careful attention to approval and documentation processes.

Perhaps most important, technological advances have spurred many improvements in leave management, facilitating real-time tracking of leave balances, eliminating manual leave calculation inaccuracies, and, with more reliable data, encouraging data analysis that can uncover leave use patterns and suggest workable management improvements.

**Advantages of automation**

The many kinds of leave and multiple rules for how it is administered have traditionally made this area of payroll and HR management vulnerable to errors that can reduce efficiency and effectiveness of government workforces and cost taxpayer dollars. But a variety of technological tools, including timekeeping and leave management systems can help dramatically.
Some of the benefits of automated leave systems include:

- Reducing errors in leave balance calculations. For example, without technology, leave time calculations can fall prey to human error or miss leave accrual changes—for example, the increase in the amounts of vacation earned after more years on the job.

- Helping elected decision makers and public sector managers answer questions quickly and easily. Common queries include: How many employees didn’t use any leave in the past year? Do some departments have particularly high leave balances? Are sick leave usage and overtime usage related?

- Ensuring that employees are not erroneously paid through an entity’s regular payroll system when those employees are using short-term disability benefits or when absences are paid for by workers’ compensation.

- Simplifying the complex process of selecting the kind of leave that should most appropriately be used in specific circumstances.

- Providing real-time information so that employees can see their current leave balances, in a way that was impossible with paper-based systems. As Arkansas’ Hunt says, with the appropriate technology, “employees have immediate access to real-time leave balances and they can check their balances from any device at any time.”

Automation also helps governments deal more efficiently with small bits of leave that may be taken during the day. Technology can make it easy to deal with portions of time off that may be as small as a 15-minute period.

Before she joined UKG 11 years ago, Misegadis was director of payroll for the city and county of Denver. Before the leave process was automated, offering employees the ability to check their leave balances on a real-time basis, she says there was a lack of trust in how leave balances were being calculated. “Employees were coming in to challenge their time. They didn’t believe that the system was calculating their time correctly.” Automation, she says, “brought an increase in trust and more control.”

Data analysis

One of the major advantages of having automated systems for recording the use of leave is that it enables entities to analyze how and when leave is used, spot trends, and uncover ways in which leave may be misused by employees. “If you only manage this on paper, you can’t see patterns of how employees are using leave,” says Felix from UKG.

Felix specializes in looking for data patterns. Her analyses have spotted clear instances in which unplanned absences—those taken with sick leave hours—occurred days before and after holidays or planned vacations. She recalls that there were more than 300 instances in which employees at one public university were calling in sick on Friday when the Monday was a holiday. “Looking at this data can shine a light on things that you never realized were going on in the organization,” she says.

Data analysis can be used to monitor the necessary, but sometimes misused, category of administrative leave. Police departments, for example, may put an officer on administrative leave if he or she has fired a weapon. The officer can’t return to work without a psychiatrist’s approval. That sounds simple enough, but one data analysis run by Felix led to the discovery of an officer who had been put on administrative leave for a year and a half. The follow-up with a psychiatrist had been forgotten by department managers, leaving the officer in leave limbo. “People lost track and the leave just kept getting extended. No one was manning the ship,” Felix says.
In this case, data analysis of leave helped to reveal not only problems with the administration of leave, but also a slow investigation process.

If analyzing data is so valuable, why don’t more public sector entities do it? Felix says one reason is that they simply don’t know where to start. Even those that have the technological capacity don’t have the knowledge base that enables them to use data. “It’s like learning a foreign language. People don’t know how to read and identify the data, which means there’s not a lot of data analysis going on,” she says.

**Centralized administration**

Rules and regulations governing the way leave is allocated can be so complex that some public sector entities have created specialized units to accurately answer supervisor and employee questions. These internal experts can help to ensure equitable leave use and solve problems when they arise.

Employing individuals who have the expertise in this area can be a challenge, so it may be necessary for cities, counties, and states to provide additional training and professional growth opportunities in order for specialized leave experts to develop their knowledge and skills on the job.

Felix was time and labor administrator in Mesa, Arizona, from 2012 to March 2020. About three years ago, the city of Mesa’s analysis of leave abuse, awareness of supervisor errors, and knowledge of leave complexity led to a suggestion to the city manager that a special centralized leave unit be set up where knowledgeable leave specialists could accurately answer employees’ questions and make sure that leave rules were properly and fairly adhered to.

Kristin Hirshberg worked for Felix in Mesa and in spring 2020 replaced her as time and labor administrator. She describes one of the pivotal events that sparked the creation of the centralized leave management unit—a tragic situation involving a young employee who had been diagnosed with an aggressive cancer.

Figuring out how the city could help the employee navigate his leave options ended up requiring the involvement of 10 individuals. The group, which gathered one day around a conference table, included a representative from the city’s donated leave program, a short-term disability representative, the FMLA leave coordinator, a payroll representative, an HR analyst, the time and labor administrator, and representatives from the employee’s department. Each had a portion of leave-related knowledge, but no one had the entire picture. “It took all those individuals to talk through what the city could do for the employee. Everyone had to bring their own specific piece of the puzzle,” says Hirshberg.

The centralized leave unit, which now employs two leave specialists and a supervisor, has reduced the complexity of getting leave questions answered for both employees and departments. Specialists make sure employees know their rights, including what the city, state, and federal government entitle them to, and help them understand the choices available. It’s not an easy job. “Specialists have to be very empathetic, but also informative,” Hirshberg says.

**It took all those individuals to talk through what the city could do for the employee. Everyone had to bring their own specific piece of the puzzle.**

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Kristen Hirshberg  
Time & Labor Administrator, City of Mesa, AZ
Attention to approval, documentation and training

Whether leave administration is centralized or decentralized, training in standard management practices—and in the use of technology—is vital.

Supervisors need guidance and training to ensure that absences are recorded appropriately, that approvals are allocated with care, and that the amount of leave taken and records of leave available—leave balances—are reconciled in a timely and regular way.

Careful record keeping is not only important to control internal leave administration and reduce errors, but it also helps to reduce lawsuits and is essential for producing the kind of accurate data that enables analysis.

Documentation is also needed to comply with local, state, and federal laws. For example, the federal FMLA requires that records must be retained for at least three years, showing the number of days and hours unpaid leave is taken. Some states have laws that exceed those requirements.

Of course, simply buying the appropriate hardware and software isn’t a panacea. When sophisticated technology systems are put in place, early and focused training is also a key component. (See “A Pretty Big Learning Curve” box, below.)

“A Pretty Big Learning Curve”

When the Arkansas Department of Transportation (DOT) shifted to a technology-based time and attendance system in 2012, many supervisors saw this advance not as a new tool, but as a burden.

“This was a pretty big learning curve for them,” says Arkansas’ Alicia Hunt. “A large part of our workforce wasn’t really tech savvy, and some of our supervisors had never turned on a computer before.”

Training began when the system was turned on—during a four-month pilot phase in which it ran concurrently with past processes. Hunt now says that was too late, that the acceptance and learning process would have benefited if training had begun sooner.

“We might have seen less resistance,” she says, “if we had done a better job of managing communications about the system and discussing the benefits of it and how it’s going to make their lives easier.” She cites several ways this could have been accomplished: providing workshops, bringing training out to field offices, and pinpointing early adopters who could have become “change champions.”

Despite early resistance, she says Arkansas DOT has benefited tremendously from the new technology. For example, it removed a frequent cause of friction when employees working on the same shift felt others on the crew were taking too much time off. Supervisors also were helped by the increased detail they received about their employees’ time and attendance, which showed them the amount of time spent on the job and the way leave was being used. “Accuracy and transparency were the biggest benefits for the supervisors,” Hunt says.
Other paid leave categories vary from one entity to another and include leave for jury duty, bereavement leave, disaster service leave, witness duty leave, legal actions leave, victim leave, organ donor leave, and domestic violence leave. Recently, some entities have started to offer leave associated with getting COVID-19 vaccinations.


A Kaiser Family Foundation brief, published in December 2020, provides a map of states with paid family leave policies. At the end of 2020, those states were California, Colorado, Connecticut, Massachusetts, New Jersey, New York, Oregon, Rhode Island, and Washington.


Overall paid sick leave statistics for the private sector mask the inequitable distribution of these benefits, which are way more prevalent at higher salary levels. While 75% of private sector employees have paid sick leave, this is only true for half of workers in the lowest quartile of income.


Twenty-six weeks of leave are covered if care is being given to a covered servicemember with a serious illness or injury.

Between one and five years of service, employees accrue time off at a rate of 10 hours a month. Between five and 10 years it’s 12 hours a month, and after that paid time off is accrued at a rate of 15 hours a month. That means that a newer employee’s accrual of annual PTO is 112 hours (or about 2.8 weeks), whereas an employee who has served for more than 10 years can accrue 180 hours each year (or about 4.5 weeks annually).

As defined by the New Jersey fiscal 2019 Comprehensive Annual Financial Report, “Compensated absences represent the liability due to employees for unused sick and vacation time.”


The Massachusetts governor’s office has proposed sick leave accrual caps to pull back on large sick leave payouts to retirees, but this has not yet passed the legislature. The executive branch has also instituted a leave tracking and management application and has instituted enhanced record-keeping and program integrity efforts.
References (continued)


27 California LAO, After Furloughs report.


35 Interview with Leslie Scott, executive director, National Association of State Personnel directors, April 13, 2021.