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**INFORMAL STAFF REPORT  
TO MAYOR AND CITY COUNCIL**

**SUBJECT:**

Vacation and sick leave policies for the City of Denton

**EXECUTIVE SUMMARY:**

As part of its benefit package, the City of Denton offers eligible employees vacation and sick leave. Each benefit is outlined in a City of Denton policy that was approved by the City Council. The policies outline the hours accrued; the carryover amount for vacation or in the case of sick leave, the maximum accrual; and the payout amount when an employee leaves City employment. The Police and Fire policies are in compliance with Chapter 143 of the Texas Local Government Code, and the policies for all other employees are designed to provide a competitive benefit structure which is somewhat consistent with public safety.

**BACKGROUND:**

During the September 13, 2016, City Council meeting, Councilmember Bagheri requested information about the City's vacation and sick leave benefits.

**DISCUSSION:**

The *Vacation/Bonus Time* (#107.03) and *Sick Leave* (#111.01) policies outline the accruals, carryover/maximum accrual, and pay out for City of Denton employees. These policies are attached for reference.

Police and Fire civil service employees accrue vacation and sick leave in accordance with Chapter 143 of the Texas Local Government Code. Chapter 143 also defines leave balance pay out requirements. Their accruals, carryover, and pay out are as follows:

Fire civil service employees working less than a 12-hour shift and all Police civil service employees

- 10 hours of sick leave per month (which equates to 15 days per year), with no maximum accrual. Civil service employees will be paid up to 90 days of accrued sick leave upon termination.
- 10 hours of vacation per month (which equates to 15 days per year) but can only carry-over from year to year (on their anniversary date) 320 hours. Any hours over 320 will be lost. Employees can be paid up to 320 hours of accrued vacation time upon termination as long as the employee is not terminated for gross misconduct.

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Fire civil service employees working a 12-hour shift

- 15 hours of sick leave per month (which equates to 15 days per year), with no maximum accrual. Civil service employees will be paid up to 90 days of accrued sick leave upon termination.
- 15 hours of vacation per month (which equates to 15 days per year) but can only carry-over from year to year (on their anniversary date) 480 hours. Any hours over 480 will be lost. Fire civil service employees working a 12-hour shift are eligible to be paid up to 480 hours of accrued vacation time upon termination as long as the employee is not terminated for gross misconduct.

All other regular full-time, non-civil service employees accrue the following:

- 8 hours of sick leave per month (which equates to 12 days per year), with a maximum accrual of 720 hours. There is no payout of accrued sick leave for non-civil service employees.
- 10 hours of vacation per month (which equates to 15 days per year) but can only carry-over from year to year (on their anniversary date) 320 hours. Any hours over 320 will be lost. Employees can be paid out up to 320 hours of accrued vacation time upon termination as long as the employee is not terminated for gross misconduct.

Regular  $\frac{3}{4}$  and  $\frac{1}{2}$  time employees accrue time on a prorated basis.

Employees will also accrue bonus time beginning on their 5<sup>th</sup> year anniversary per the policy. Upon completion of five (5) years of continuous service, each employee shall receive four (4) hours bonus time. For every year of continuous service thereafter, the employee will receive an additional four (4) hours for successive years beyond the fifth anniversary (e.g., 6<sup>th</sup> year equates to 8 hours; 7<sup>th</sup> year equates to 12 hours). Fire civil service employees working a 12-hour shift will accrue 6 hours of bonus time.

The above accrual rates have been designed to be somewhat consistent with Police/Fire policies and provide a strong benefit structure which is competitive with other large public and private employers.

**CONCLUSION:**

The City of Denton has a long history of providing eligible employees with vacation and sick leave as part of its benefit package. The policies outline the accruals, the carryover/maximum accrual amount, and the payouts upon termination. In the case of civil service employees, our policies are in compliance with Chapter 143 of the Texas Local Government Code.

**ATTACHMENTS:**

- 1 – Vacation/Bonus Time Policy
- 2 – Sick Leave Policy

**STAFF CONTACT:**

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***CITY OF DENTON*****POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE**

SECTION: HUMAN RESOURCES	REFERENCE NUMBER: 107.03
SUBJECT: EMPLOYEE BENEFITS AND SERVICES	INITIAL EFFECTIVE DATE: 08/21/84
TITLE: VACATION/BONUS TIME	LAST REVISION DATE: 02/05/16

**POLICY STATEMENT:**Vacation

It is the policy of the City of Denton to provide vacation pay and hours to all regular employees who have completed six (6) full months of employment. Vacation hours for eligible employees are accrued on a monthly basis. Pay in lieu of taking vacation is not permitted except upon termination. Only employees who have worked with the City for six (6) full months are entitled to be paid for vacation at termination.

An employee is not eligible to use vacation hours until he or she has completed six (6) full months of regular employment. Vacation hours may not be used in advance of the hours being accrued.

Vacation time for full-time non-Civil Service employees will be accrued at the rate of ten (10) hours per month of continuous service.

The intent of this vacation benefit is to provide time away from the work environment to pursue activities that will promote the well-being of the individual and good physical, mental, and emotional health. In accordance with this provision, all full-time regular employees will be required to take at least five (5) days of vacation per year.

Vacation accrual rates for Civil Service employees are covered in the Texas Local Government Code, Chapter 143.046.

Bonus Time

In addition to regular vacation, the City of Denton also awards bonus time to regular full-time non-Civil Service employees who have completed five (5) continuous years of full-time (part-time employees are not eligible for this benefit) service to the City. Upon completion of five (5) years of continuous service, each employee shall receive four (4) hours bonus time. For every year of continuous service thereafter, the employee will receive an additional four (4) hours for successive years beyond the fifth anniversary.

**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE: VACATION/BONUS TIME	REFERENCE NUMBER: 107.03
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Example:

	<u>Bonus Award</u>
5th Anniversary	4 Hours
6th Anniversary	8 Hours
7th Anniversary...	12 Hours...

This award continues until regular full-time service with the City has ended. Bonus time is awarded annually on the employee's anniversary date. Pay in lieu of taking bonus time is not permitted except upon termination.

Civil Service employees are eligible for bonus time after the completion of five (5) years of continuous service. Bonus accruals will begin on the fifth anniversary and continue for each year of continuous service. Bonus accrual rates for Civil Service employees are:

Police	4 hours per year
Fire	4 hours per year for all personnel who do not work 12-hour shifts 6 hours* per year for personnel who work 12-hour shifts

\* [Proration based on twelve (12) hours equal one (1) day which is the calculation used to determine hourly rate.]

Bonus accruals are four (4) hours (6 hours for Fire personnel working 12-hour shifts) per year for every year of continuous service and are awarded annually on the employee's anniversary date.

Maximum Carry-Over

The maximum allowed carry-over of vacation and bonus time hours is based upon the employee's hire date with the City of Denton as either a regular employee or a civil service employee. Such date is the employee's "anniversary date". The maximum allowed carry-over of vacation and bonus time is 320 hours per year for all non-Civil Service full-time employees, Police Civil Service employees and Fire Civil service employees working less than 12-hours shifts. Non-Civil Service part-time employees will be permitted a pro-rata maximum accrual (240 hours for three-quarter time employees and 160 hours for half-time employees). Fire Civil Service employees working 12-hour shifts shall be allowed 480 hours per year. An employee may accrue as many hours of vacation as possible throughout the year; however, it is the employee's responsibility to ensure that his/her accrual is below the maximum allowable hours by the employee's annual anniversary date.

**ADMINISTRATIVE PROCEDURES:**

**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE: VACATION/BONUS TIME	REFERENCE NUMBER: 107.03
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**I. ACCRUAL****a. Regular Full-Time Non-Civil Service Employees**

Vacation time for full-time non-Civil Service employees will be accrued at the rate of five (5) hours on the 1<sup>st</sup> and 15<sup>th</sup> of each month of continuous service.

**b. Regular Part-Time Employees (Includes 1/2 and 3/4 time workers)**

Part-time employees accrue prorated vacation hours determined by their budgeted pay classification on the 1<sup>st</sup> and 15<sup>th</sup> of each month: half time = 2.5 hours; three quarters = 3.75 hours. These employees will not accrue bonus time.

Employees holding more than one part-time position may not accrue more vacation hours per month than a full-time employee. (See Part-Time Policy #106.08).

**c. Civil Service Employees**

Vacation accrual rates for Civil Service employees are covered in the Texas Local Government Code, Chapter 143.046.

**d. Accrual Exceptions**

Vacation/bonus time will not accrue during an employee's extended unpaid leave of absence (see Family & Medical Leave policy no. 107.04; Off Duty Injury or Illness policy no. 107.05; and Personal Leave Without Pay policy no. 111.08).

**II. Employees in Their First Six Months of Employment**

Upon the completion of six (6) full months of service, regular, full-time non-Civil Service employees will be credited with sixty (60) hours of vacation (earning 10 hours per month) on their 6-month anniversary date. Part-time employees budgeted to work one-half (1/2) time shall be credited with thirty (30) hours at the completion of six (6) full months of service, and the employees budgeted to work three-quarters (3/4) time shall be credited with forty-eight (48) hours at completion of six (6) full months of service.

After completion of six full months, the employee will continue to accrue vacation hours during the 1<sup>st</sup> and 15<sup>th</sup> of each month in halved amounts. For example, a full time employee accrues 5 hours of vacation leave on the 1<sup>st</sup> and 15<sup>th</sup> of the month, while a half-time employee accrues 2.5 hours of

**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE: VACATION/BONUS TIME	REFERENCE NUMBER: 107.03
----------------------------	-----------------------------

vacation leave on the 1<sup>st</sup> and 15<sup>th</sup> of the month and a three-quarter time employee accrues 3.75 hours of vacation. Vacation and bonus hours can be used during the pay period in which it is accrued.

**III. SCHEDULING**

- A. The designated supervisor must approve all vacation and bonus time, giving due consideration to the service needs and the ability of the remaining staff to perform the work of the department or division. It is requested that each employee will give his/her supervisor the maximum notice possible. If taking more than one day of approved time, an employee must make the request at least three (3) working days in advance. The circumstances of individual departments (i.e., internal schedules, etc.) may require that more advance notice be necessary in order to arrange such leave.
- B. Accrual of compensatory time was eliminated in 2009; however, some Civil Service employees still have accumulated compensatory time. The supervisor may require the employee to use compensatory time before the use of vacation time. When considering whether to require the employee to use compensatory time, the supervisor shall take into account whether the employee has more than 320 hours of vacation accruals (480 hours for Civil Service Fire employees) and whether the employee will have the opportunity to reduce his/her vacation/bonus time leave accruals to 320 hours (480 hours for Civil Service Fire employees working a 12-hour shift), by his/her anniversary date.
- C. A supervisor may approve one (1) day or less of vacation or bonus time provided:
  - 1. The employee makes his request prior to the start of the affected work shift (unless the emergency arises during the shift).
  - 2. The reason for the request is reasonable and of an emergency nature and does not create an undue hardship on the division.
  - 3. The employee is not requesting to use vacation or bonus time for sick time when the employee has accrued sick leave balances.
- D. Vacation/bonus time must be taken in minimum intervals of 15 minutes.
- E. The maximum amount of continuous bonus and/or vacation time which can be granted to an employee at one time is four (4) calendar weeks, unless approved otherwise by the department head.

**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE: VACATION/BONUS TIME	REFERENCE NUMBER: 107.03
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- F. Vacation/bonus time is not to be used in lieu of sick time when the employee has accrued sick leave.

#### IV. Payout Upon Termination

- A. An employee who terminates employment with the City of Denton can be paid for any accrued vacation hours up to the maximum for non-Civil Service or Civil Service as follows:

Non-Civil Service, full-time	320
Non-Civil Service, three quarter-time	240
Non-Civil Service, half-time	160
Police Civil Service	320
Fire Civil Service (other than 12-hour shifts)	320
Fire Civil Service (12-hour shifts)	480

- B. The payout of vacation time shall be based on the vacation balance of the previous pay date less any time taken in the final pay period. Non-Civil Service employees who fail to successfully complete six (6) full months of employment will not be paid out any vacation.
- C. Employees terminated for gross misconduct, as determined by the City Manager, will not be paid out accrued vacation time.
- D. In the event an employee does not return all requested City property within their possession on or before the week of the issuance of the final check, they will not be paid accrued vacation time.

#### V. FINAL PAYMENT - DEATH OF EMPLOYEE

An employee who dies while in active employment with the City is entitled to accrued vacation, as any other employee who separates employment. Employees are provided the opportunity to designate a beneficiary for accrued vacation. The person designated as primary beneficiary will be authorized to receive the final employee paycheck covering a deceased employee's accrued vacation benefit up to the maximum outlined in section IV.

#### VI. FAMILY AND MEDICAL LEAVE



**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE: VACATION/BONUS TIME	REFERENCE NUMBER: 107.03
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Notice requirements for vacation/bonus time approval may be suspended in the event the employee is requesting Family & Medical Leave (policy no. 107.04). Employees who qualify for Family & Medical Leave must comply with all provisions of the Family & Medical Leave policy.

**VII. MISUSE OF VACATION/BONUS TIME**

Vacation/bonus time benefits will not be paid for the same time an employee receives sick leave pay, holiday pay, death in the family leave pay or any other paid leave benefit, nor shall an employee be paid vacation/bonus time for absences that are subject to the Sick Leave policy (111.01) when the employee has an accrued sick leave balance.

**VIII. SEASONAL AND TEMPORARY EMPLOYEES**

Temporary and seasonal employees shall not earn or accrue vacation/bonus time or be entitled to vacation/bonus time pay upon separation.

***CITY OF DENTON***PAGE 1 OF 5**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE**

SECTION: HUMAN RESOURCES	REFERENCE NUMBER: 111.01
SUBJECT: APPROVED LEAVE	REVISED EFFECTIVE DATE: 01/01/99
TITLE: SICK LEAVE	LAST REVISION DATE: 02/05/16

**POLICY STATEMENT:**

Sick leave is a benefit provided to cover illnesses of the employee or covered dependents, but it is expected that the actual use of sick leave will normally be less than the number of days which are provided per year. Sick leave accruals accumulate to provide the employee coverage for severe or catastrophic illnesses.

Although the City provides sick leave accrual at the rate of twelve days per year, excessive absences on the part of the employee may signal a performance problem to the supervisor. Continued use of sick leave at higher than average rates as defined by a department director may create situations within a work group which hamper accomplishment of the tasks. A supervisor may take remedial action by setting attendance goals or enforcing the appropriate disciplinary action.

Employees who die while in service of the City or while on authorized military leave of absence shall be paid for all unused sick leave not to exceed 90 working days. Payment shall be made to the estate of the employee or beneficiary of the sick leave benefit, whichever the employee has designated. Employees who leave the service of the City, except as provided for in this paragraph, shall not be paid for unused accrued sick leave. Civil Service employees are an exception to this rule; please see Section V of this policy for full details.

**ADMINISTRATIVE PROCEDURES:****I. SICK LEAVE ACCRUAL (NON-CIVIL SERVICE)****A. Sick Leave Pay**

No cash payments will be made for unused sick leave.

**B. Accrual**

1. Sick leave is accrued at the rate of eight hours (8) for regular full-time employees and prorated for regular part-time employees (six (6) hours for three-quarter time employees and four (4) hours for half-time employees) for each month of continuous service (see Policy #106.08 Regular Part-time Employment).

Sick leave hours are accrued on the 1<sup>st</sup> and 15<sup>th</sup> of each month in halved amounts.

**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE:           SICK LEAVE	REFERENCE NUMBER: 111.01
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For example, a full time employee accrues four (4) hours of sick leave on the 1<sup>st</sup> and 15<sup>th</sup> of the month, while a half-time employee accrues two (2) hours of sick leave on the 1<sup>st</sup> and 15<sup>th</sup> of the month. Sick time can be used during the pay period in which it is accrued.

**Sick leave may not be used before it is accrued.**

2. Sick leave may be accumulated up to a maximum of 90 days (720 hours for full time employees; 540 hours for three-quarter time employees; and 360 hours for half time employees). All employees with accrual in excess of 90 days (720 hours) prior to October 1, 1981, may retain all accruals until such accrual is down to 720 hours at which time the accrual can never exceed 720 hours (See Section V for Civil Service Accrual).
3. Sick leave will not accrue during any unpaid leave of absence (see Family & Medical Leave policy no. 107.04; Illness/Off Duty Injury policy no. 107.05; and Personal Leave Without Pay policy no. 111.08).

**II. NOTIFICATION**

- A. To receive paid sick leave, an employee shall notify the supervisor or authorized representative at least 30 minutes before the time set for beginning of work.
- B. **Employees are required to contact his/her supervisor daily if absent for more than one day, unless otherwise approved by the supervisor.** Exceptions would be hospitalization, a prolonged or catastrophic illness, or a determination by the City that the absences qualify as family and medical leave (see Family & Medical Leave policy no. 107.04).
- C. Employees who become ill during the period of their vacation may request that their vacation be temporarily terminated and that their time be charged to sick leave. A physician's statement will normally be required in such instances.

**III. CONDITIONS FOR USE**

- A. Sick leave may be used in 15 minute intervals. Official holidays and regular days off shall not count against sick leave.
- B. Sick leave may be allowed in cases of personal illness, doctor's or dentist's visits, or physical incapacity of the employee. Additionally, sick leave may be used when an employee is required to attend to his/her spouse, child, parent, or dependent who is ill, incapacitated, or incapable of self-care; or, to attend a bona fide counseling session by a qualified counselor. In the case of critical illness or emergency medical situations, sick leave may also be used for immediate family (spouse, father, mother, children, brother, sister, grandchildren, grandparents, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and grandparent-in-law).

For purposes of this policy, a critical illness will be defined as a life-threatening condition. An emergency medical situation will be a medical condition requiring immediate treatment.

**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE:           SICK LEAVE	REFERENCE NUMBER: 111.01
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The City will apply the definitions under the Family and Medical Leave Act to determine familial relationships.

- C. An employee who is expecting a new child and does not meet the requirements of Family & Medical Leave (policy no. 107.04) may use accrued sick leave as deemed necessary by the attending physician.
- D. Supervisors may require satisfactory proof of illness or of the need for attending to a family member and may disallow any sick leave in the absence of such documentation.
- E. After accumulated sick leave has been exhausted, employees may use authorized vacation time. Upon the exhaustion of all paid leave, the pay of an employee shall be discontinued until returning to work unless additional sick time has been approved through the Catastrophic Leave Donation directive (no. 111.05). When absence due to illness exceeds the amount of paid leave earned and authorized, the employee may be eligible for unpaid Family & Medical Leave (no. 107.04) or personal leave without pay (no. 111.08). Employees who qualify for Family & Medical Leave must comply with all provisions of the Family & Medical Leave policy (no. 107.04). For personal leave without pay, a leave of absence form must be submitted and approved.

It is the employee's responsibility to provide a doctor's prognosis and an estimated return date so the supervisor can determine whether the position can be left open or filled temporarily based on the following criteria:

- length of leave requested
- workload requirements
- employee's past work record
- employee's ability to perform in same position upon return

- F. After 90 consecutive days of disability, the long-term disability plan will go into effect for all eligible employees who make application. Accrued sick leave may be used in conjunction with long-term disability to meet but not exceed an employee's regular pay.
- G. Accrued sick leave may be used in conjunction with the workers' compensation plan to meet but not exceed an employee's regular pay (see Policy no. 104.10).
- H. Sick leave benefits will not be paid for the same time an employee receives holiday pay, death in the family leave pay, vacation/bonus time pay or any other paid leave benefit.
- I. When a non-exempt employee works overtime in the same work week sick leave is used, they should only utilize enough sick leave hours to ensure they receive a 40 hour pay check. For example, if an employee takes a full eight (8) hour day of sick leave on Tuesday but works 2 extra hours on Thursday during that same week, the employee should only be docked six (6) hours of sick leave.
- J. An exempt employee is not subject to salary reductions for absences of less than eight (8) hours

**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE: SICK LEAVE	REFERENCE NUMBER: 111.01
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use unless he/she has exhausted all accrued leave (reference 29 CFR 541.710). The exempt employee is required to first use accumulated sick and vacation hours. If the employee has no sick or vacation accruals, the employee may be granted discretionary time or may be granted leave without pay.

#### IV. MISUSE OF SICK LEAVE

Misuse of sick leave by an employee affects the productivity of other employees in the workgroup, especially those who seek assistance, advice, or guidance from an absent employee.

“Misuse” is considered the use of sick leave for that which it was not intended or provided and may constitute a violation of this policy. Examples of “misuse” may include, but are not limited to, the following:

- Patterned sick leave usage before and/or after holidays;
- Patterned period of sick leave usage before and/or after weekends or regular days off;
- Patterned period of sick leave usage after pay days;
- Absence following overtime worked;
- Absence following denial of a vacation request;
- Continued pattern of maintaining zero or near zero leave balances; and/or
- Excessive absenteeism – the use of more sick leave than is granted.

Leave required by federal or state law such as Family and Medical Leave and Workers’ Compensation shall not be considered when determining whether or not there is misuse of sick leave.

If a supervisor suspects that an employee is misusing sick leave, the supervisor has the discretion to require a suitable explanation or documentation to determine whether the sick leave was used according to this policy.

#### V. SICK LEAVE PAY AND ACCRUAL (CIVIL SERVICE)

##### A. Sick Leave Pay

Upon termination of employment with the City, Civil Service employees may be paid for accrued sick leave up to a maximum of 90 working days.

##### B. Accrual

Sick leave is accrued at the following rate for each month of continuous service:

1. Ten (10) hours for Police Civil Service as well as Fire Civil Service working 40-hour work weeks, with unlimited accrual.
2. Fifteen (15) hours for Fire Civil Service employees working a 12-hour shifts, with unlimited

**POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE (Continued)**

TITLE:           SICK LEAVE	REFERENCE NUMBER: 111.01
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accrual.

Sick leave hours are accrued during the 1<sup>st</sup> and 15<sup>th</sup> of each month in halved amounts.