



PROPOSAL FOR APPROVAL

Direct Paid Time Off (PTO) Donation Program Policy

Senior Management

August 2026

Direct Paid Time Off (PTO) Donation Program

To: Kids Central, Inc. Policy Council and Board of Directors

Subject: Approval of the Direct Paid Time Off Donation Program

Proposed Effective Date: September 1, 2026

Purpose of the Proposal

Kids Central, Inc. respectfully requests approval from the Policy Council and Board of Directors to adopt the revised **Direct Paid Time Off (PTO) Donation Program**. The proposed policy establishes a formal process through which eligible employees may voluntarily donate accrued PTO to an approved coworker who is experiencing a qualifying medical emergency.

Employees may occasionally face serious medical circumstances that require an extended absence from work. Once their available paid leave has been exhausted, the resulting loss of income can create significant financial hardship. The proposed program provides a structured and compassionate way for coworkers to support one another while maintaining appropriate administrative controls, confidentiality, and compliance with applicable employment and tax requirements.

Summary of the Proposed Program

Under the proposed policy, donated PTO would be available to a regular full-time employee who is unable to work because of the employee's own serious health condition or the serious health condition of a qualifying family member. The employee must have exhausted all available paid leave, must provide required documentation, and must demonstrate that the absence is expected to result in a substantial loss of income. When applicable, eligible employees must apply for and use Family and Medical Leave Act leave concurrently with donated PTO.

Routine illnesses, elective procedures, scheduled vacations, and personal leave would not qualify for the program. Approval would be determined by the Executive Director or designee, in consultation with Human Resources, based on the seriousness and anticipated duration of the medical condition, the exhaustion of paid leave, FMLA eligibility, and compliance with the policy.

The proposed policy includes the following safeguards:

- Donations must be completely voluntary.
- Recipients must have completed their probational period and be in good standing.
- Donors must retain at least 40 hours of PTO after making a donation.

- Donations must be made in whole-hour increments, with a minimum donation of four hours.
- An employee may generally donate no more than 40 hours per fiscal year unless an exception is approved by the Executive Director.
- Donations may only be made to an employee who has been approved under the program.
- Once a donation has been processed, it is irrevocable.
- Donated PTO will be converted and paid at the recipient's regular hourly rate rather than the donor's rate.
- Donated PTO may not be converted to cash or used to increase the recipient's compensation beyond normal earnings.

The maximum benefit available to a recipient would be six workweeks, or 240 hours, during a rolling 12-month period. The approved amount would be limited to the lesser of the employee's documented need, the amount donated, or 240 hours. Donated leave would not extend an employee's FMLA entitlement or any other legally protected leave period.

Administration and Employee Protections

Human Resources would administer the program, verify donor and recipient eligibility, process approved donations through payroll, maintain donation records, monitor usage, and ensure that the established limits are followed.

The policy also contains important employee protections. No employee may pressure, coerce, retaliate against, or discriminate against another employee because of a decision to donate or not donate PTO. Medical documentation and donation records will remain confidential and will be maintained separately from personnel files.

When Human Resources informs employees that an approved coworker is eligible to receive donations, only information authorized by the recipient will be disclosed. Approval to participate in the program would not guarantee that donations will be received or that all offered hours will be accepted.

If donated PTO remains after the approved medical leave ends, the unused balance may be returned proportionally to donors when administratively feasible and at the discretion of the Executive Director.

Rationale for Approval

The proposed Direct PTO Donation Program supports Kids Central's commitment to maintaining a compassionate, respectful, and supportive workplace. It gives employees an opportunity to assist a coworker facing a significant medical hardship without creating an automatic financial obligation for the organization.

The policy also provides clear eligibility standards, donation limits, approval procedures, confidentiality requirements, payroll controls, and protections against coercion. These requirements will help ensure that the program is administered consistently and fairly while supporting compliance with applicable IRS guidance, wage and hour requirements, FMLA provisions, and Virginia employment laws.

Recommendation

Management recommends that the Policy Council and Board of Directors approve the **Direct Paid Time Off Donation Program**, with an effective date of September 1, 2026.

Upon approval, Human Resources will finalize the required request and authorization forms, communicate the program requirements to employees, and administer all donations in accordance with the approved policy.

Proposed Motion

Motion to approve the Kids Central, Inc. Direct Paid Time Off Donation Program, as presented, with an effective date of September 1, 2026, and to authorize the Executive Director and Human Resources to administer the program in accordance with the approved policy.



Statement of Philosophy

Kids Central, Inc. recognizes that employees occasionally face extraordinary medical circumstances that create financial hardship due to extended absences from work. As part of our commitment to fostering a compassionate and supportive workplace, the organization provides employees the opportunity to voluntarily donate accrued Paid Time Off (PTO) to an eligible coworker experiencing a qualifying medical emergency.

This program is intended to provide assistance during periods of significant need while ensuring compliance with applicable federal tax laws, wage and hour laws, the Family and Medical Leave Act (FMLA), and other applicable employment laws.

Purpose

The purpose of the Direct PTO Donation Program is to provide financial support to eligible employees who have exhausted all available paid leave due to a qualifying medical emergency by allowing coworkers to voluntarily donate accrued PTO directly to an approved recipient. This program is intended to qualify as an employer-sponsored leave-sharing program under applicable IRS guidance.

Definitions

- **Direct PTO Donation** – The voluntary transfer of accrued PTO from one employee to another employee who has been approved by Human Resources as experiencing a qualifying medical emergency.
- **Medical Emergency** – A serious health condition of the employee or the employee's spouse, child, parent, or other qualifying family member that requires prolonged absence from work and results in a substantial loss of income because all available paid leave has been exhausted.
- **Donor** – The employee voluntarily donating accrued PTO.
- **Recipient** – The employee approved to receive donated PTO.

Eligibility to Receive Donated PTO

An employee may receive donated PTO when all of the following are met:

1. Regular full-time employee.

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2. Completed any probational period and in good standing.
3. All available paid leave (including PTO and other paid leave) has been exhausted.
4. The employee is unable to work because of the employee's own serious health condition or the serious health condition of a qualifying family member.
5. The absence is expected to create a substantial loss of income.
6. Required documentation has been submitted to Human Resources.
7. Routine illnesses, elective procedures, scheduled vacations, personal leave, or eligible for Kids Central's employee short term disability benefits do not qualify.

Approval Process

Employees must submit a PTO Donation Request Form and supporting medical documentation, if requested. The Executive Director or designee, in consultation with Human Resources, shall determine eligibility based upon the seriousness of the medical condition, anticipated duration, exhaustion of paid leave, FMLA eligibility, and compliance with this policy.

Notification of Approved Need

Once approved, Human Resources may notify employees that an approved coworker is eligible to receive PTO donations. Only information authorized by the recipient will be disclosed.

Eligibility to Donate PTO

Employees must be in good standing, have completed the introductory period, maintain at least forty (40) hours of PTO after the donation, donate only accrued unused PTO in whole-hour increments, donate at least four (4) hours, and donate no more than forty (40) hours per fiscal year unless approved by the Executive Director.

Designated Recipient

Employees may donate PTO only to an employee approved under this policy and may designate the approved recipient.



Donation Procedure

Employees shall complete a PTO Donation Authorization Form identifying the recipient and number of hours. Once processed, donations are irrevocable.

Administration of Donated Leave

Human Resources shall verify donor and recipient eligibility. Donated PTO shall be converted to the recipient's pay at the recipient's regular hourly rate.

Use of Donated PTO

Donated PTO may only be used for the approved qualifying absence, may not be converted to cash, may not increase compensation beyond normal earnings, and ceases upon return to work or separation from employment.

Maximum Donation Benefit

The maximum amount of donated PTO an employee may receive is up to six (6) workweeks, or two hundred forty (240) hours, during any rolling twelve (12)-month period, based on the employee's regular work schedule.

The approved amount is limited to the lesser of the employee's documented need, the amount donated on the employee's behalf, or 240 hours.

Donated PTO does not extend FMLA or other legal leave entitlements. Employees not eligible for FMLA may still qualify under this policy but may not receive more than six (6) workweeks unless otherwise required by law or approved as a reasonable accommodation.

Unused Donated PTO

If a recipient returns to work before all donated PTO has been used, the remaining donated leave shall remain available for the same approved medical event until the approved leave period ends. Any remaining unused donated PTO may be proportionally returned to donors where administratively feasible at the discretion of the Executive Director.



Prohibited Conduct

Participation is voluntary. Employees may not pressure, coerce, retaliate against, or discriminate against another employee regarding PTO donations. Violations may result in disciplinary action.

Confidentiality

Medical information and donation records shall remain confidential and maintained separately from personnel files.

Tax Administration

This program is intended to comply with IRS guidance for employer-sponsored leave-sharing programs. Recipients are responsible for applicable payroll taxes. Donors receive no compensation or tax deduction.

No Guaranteed Benefit

Approval does not guarantee donations will be received or that all donated hours will be accepted.

Administration

Human Resources is responsible for administering and interpreting this policy.

Human Resources shall:

- Review eligibility.
- Maintain required forms and documentation.
- Maintain confidentiality.
- Process approved donations through payroll.
- Verify donor and recipient eligibility.
- Maintain records of all donated PTO transactions and ensure that no employee receives more than two hundred forty (240) hours (six workweeks) of donated PTO during any rolling twelve (12)-month period.

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- Monitor donated PTO usage.
- Ensure compliance with IRS guidance.

Kids Central reserves the right to interpret, amend, suspend, or discontinue this program. Participation does not create a contractual right to employment or benefits.

References

- Internal Revenue Code §61
- IRS Revenue Ruling 90-29
- Family and Medical Leave Act (29 U.S.C. §2601 et seq.)
- 29 CFR Part 825
- Applicable Virginia employment laws