



PROPOSAL FOR APPROVAL

Revision of the Personal Time Off (PTO) Policy

Senior Management

August 2026

Proposal for Approval of Revisions to the Personal Time Off (PTO) Policy

The purpose of this proposal is to request approval of revisions to the Kids Central, Inc. Personal Time Off (PTO) Policy. The proposed revisions are intended to strengthen recruitment and retention efforts, improve operational consistency, clarify employee benefits, and ensure the policy reflects current organizational practices and applicable employment laws. The attached policy identifies all proposed revisions, with additions shown in green and deletions shown in red.

Summary of Proposed Changes

1. New Employee PTO Recruitment Incentive

To improve recruitment and enhance the employee onboarding experience, newly hired full-time employees will receive additional PTO allotments during their first year of employment. Employees will receive:

Time of Service	Full-Time/Year-Round Employees Allotments PTO Hours	Full-Time / Part-Year Employees Allotments PTO Hours
After 30 Days	8	8
After 90 Days	16	8
After 180 Days	16	0

These allotments are in addition to the regular PTO accrual schedule and are intended to provide new employees with paid leave before they have accumulated significant accrued time.

2. Annual PTO Cash-Out Clarification

The cash-out provision has been rewritten for clarity without changing the overall benefit. Employees may elect to cash out up to 40 hours of accrued unused PTO annually in November by submitting a request to the Finance Department no later than October 31.

The revision also clarifies that employees may not intentionally preserve PTO solely for annual cash-out purposes instead of using available PTO before requesting unpaid leave.

3. Removal of PTO Donation Provision

The proposed policy removes the current PTO donation provision to address compliance, tax, payroll, and regulatory considerations associated with employee

leave-sharing programs. After further review, senior staff determined that a more comprehensive policy is needed to ensure compliance with applicable federal and state laws, IRS guidance, payroll regulations, and consistent program administration. Administration intends to present a separate standalone PTO Donation Policy for future consideration by the Policy Council and Board of Directors that will clearly establish eligibility requirements, administrative procedures, and compliance safeguards.

4. Separation from Employment

The policy clarifies that unused PTO will not be paid upon resignation or termination of employment; however, the retirement exception will apply to eligible retirees.

5. Clarification Regarding Unpaid Leave

The revised policy clarifies that employees are expected to use available accrued PTO before unpaid leave will generally be considered. It also expressly recognizes that exceptions may be required by applicable federal or Virginia law, including the Family and Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA), and other applicable legal requirements.

6. Administrative and Editorial Revisions

Additional revisions improve readability, eliminate duplicate language, clarify procedures, and ensure consistency throughout the policy without substantially changing current practices.

Fiscal Impact

The proposed recruitment incentive will have minimal financial impact associated with providing additional PTO during an employee's first year of employment. This investment is expected to improve recruitment, increase employee satisfaction, reduce turnover, and support workforce stability. Other revisions primarily clarify existing practices and are not expected to create significant additional costs.

Recommendation

Administration recommends that the Policy Council and Board of Directors approve the revised Personal Time Off (PTO) Policy as presented. These revisions provide greater clarity, improve consistency in administration, support employee recruitment and retention, and ensure the policy remains aligned with organizational needs and applicable employment laws while continuing to promote responsible stewardship of program resources.



POLICY

Effective Date: 06/01/2026

Personal Time Off (PTO)

Statement of Philosophy

At Kids Central Incorporated, we recognize the importance of work-life balance and believe that employees should have opportunities to enjoy time away from work. To support this, we offer a Paid Time Off (PTO) program to all full-time employees.

Our PTO program provides the flexibility for employees to use their time off in a way that best suits their personal needs—whether for vacation, illness, family matters, or personal appointments. We believe this program is more generous than traditional leave plans and reflects our commitment to employee well-being.

All Full-Time/Full-Year and Full-Time/Part-Year employees will accrue and use PTO in accordance with the guidelines detailed below.

Procedure:

1. A year of service is defined for PTO as the number of actual years of employment from the last hire date.
2. New full-time employees will begin earning and accruing PTO time on their hire date; however, they must complete 3 months of service before they are eligible to use their time.
3. For an employee who transitions from part-year/hourly status to full-year status, PTO is calculated based on service years.
4. Part-Time Hourly employees are not eligible for PTO hours. However, if their employee status changes to Full-Time their last hire date is used to determine PTO hours per the schedule below.
5. Employees will accrue PTO each pay period according to their employment classification, years of service, and the number of paid hours for the pay period (no PTO will accrue for any unpaid leave hours for the pay period) using the following



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approved accrual schedules:

Full-Time / Year-Round Employees

(Scheduled to work 2,080 hours annually)

Years of Service	Annual PTO Hours	Hourly Accrual Rate Paid Per Hour Earned	Maximum Pay Period Accrual
1st Year	40	0.019230769	1.54
After 2nd Year	80	0.038461538	3.08
After 5th Year	120	0.057692308	4.62
After 10th Year	160	0.076923077	6.15
After 20th Year	176	0.084615385	6.77

Full-Time / Part-Year Employees

(Scheduled to work 1,640 hours annually)

Years of Service	Annual PTO Hours	Hourly Accrual Rate Paid Per Hour Earned	Maximum Pay Period Accrual
Years of Service	Annual PTO Hours	Hourly Accrual Rate Earned Per Hour	Max Pay Period Accrual
1st Year	24	0.014634146	1.17
After 2nd Year	40	0.024390244	1.95
After 5th Year	64	0.039024390	3.12
After 10th Year	80	0.048780488	3.90
After 20th Year	96	0.058536585	4.68



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6. As a recruitment incentive and in addition to the accrual schedules, during the first year of employment employees will receive PTO allotments. Allotments will be disbursed by the following employment schedule.

Time of Service	Full-Time/Year-Round Employees Allotments PTO Hours	Full-Time / Part-Year Employees Allotments PTO Hours
After 30 Days	8	8
After 90 Days	16	8
After 180 Days	16	0

7. PTO time is recognized as non-worktime for employees and calculated based on the employee's regular pay rate.
8. PTO must be taken in full day or fifteen-minute increments. Exempt employees may only use PTO in full-day increments.
9. Unused PTO will not be paid out upon or after receipt of resignation or termination of employment, except retirement notices.
10. Employees may elect to cash out up to 40 hours of accrued, unused PTO once annually at the end of November. Requests to cash out PTO must be submitted to the Finance Department by October 31. Employees may not preserve accrued PTO for the purpose of receiving a cash payout in lieu of using available PTO before requesting unpaid leave.
11. Kids Central Incorporated encourages employees to use their PTO responsibly and, whenever possible, to schedule time for vacations or personal leave appointments in advance. Every time-off request will be evaluated and subject to approval depending



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on staffing needs at the time. Kids Central Incorporated understands there may be occasions, such as sudden illness, when you may not be able to give sufficient advance notice. In those situations, however, employees must inform their supervisor as soon as possible.

12. March of 2015 the Policy Council and Board of Directors combined the “Sick Time” and “Vacation Time” Policy therefore establishing the Personal Time Off (PTO) policy. It was approved that all employees with “Sick Time” balances could retain those balances until they exhausted the hours. This policy does not change or replace that approval.

13. The Human Resource Specialist is responsible for maintaining accurate PTO balances for all employees in Paylocity.

14. Employees who wish to retire from Kids Central may receive up to 80 hours of any remaining PTO balance at retirement. Employees must meet minimum retirement age of 62-years-old. Employees planning retirement are required to provide a minimum of six (6) months’ advance written notice prior to their intended retirement date. This advance notice will allow Kids Central, Inc. adequate time to develop and implement a succession plan, support continuity of operations, and ensure a smooth transition of duties and responsibilities.

15. Employees are required to use all available accrued PTO before unpaid leave will be considered. Approval of unpaid leave is otherwise at the discretion of the Executive Director unless leave is required by applicable law, including the Family and Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA), or other applicable federal or Virginia law.

16. As with all benefits paid PTO time is subject to funding availability.



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Employees' Responsibilities:

1. Employees must ensure accurate PTO hours are recorded on their timecard for payroll processing.
2. Employees must submit a signed PTO request for five days or more to the Executive Director at least one week in advance. The form is located on KCI website.
3. Requests for less than five PTO days must be submitted to the employee's supervisor at least two days in advance through Paylocity. If a two-day notice is not given, the employee may be asked to provide medical certification to support their absence. Also, a physician's release to return to work may be required.

Management Staff Responsibilities:

1. Management reserves the right to designate when some or all PTO can be taken.
2. Supervisors may deny the use of PTO if an employee fails to follow this policy.
3. Supervisors may deny the use of PTO when staffing shortage causes classroom closures or home visits that that cannot be made up.

Conduct and Violations:

Any violations of this policy will be considered a serious offense subject to disciplinary action up to and including termination. Example violations include but are not limited to:

- The employee does not give a two-day notice for a planned appointment.
- Time Theft: Recording or approving inaccurate number of PTO hours on a timecard in Paylocity.

Professional Development:

Kids Central's Human Resources Specialist will provide training on this policy during orientation. This policy will be reviewed by staff annually.