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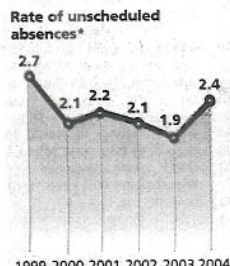
Traditional sick days yield to time-off pools

While critics say the trend simply aims to cut costs, proponents say combining vacation and sick days into one bank gives workers more flexibility with their time off and makes them more diligent about using it.

"UM, I CAN'T MAKE IT IN TODAY..."

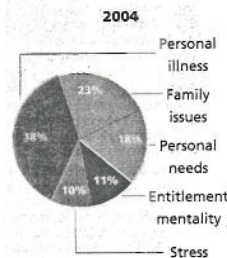
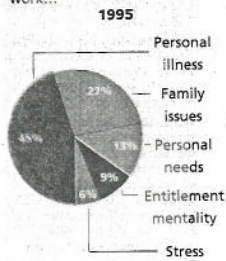
How to balance an employer's need to control costs with the worker's need for flexibility is at the center of the movement to lump all sorts of paid time off into a single pool. Whether it works in the favor of companies or workers is subject to debate. Here's part of what's fueling the issue:

■ Last year, workers missed work at the highest rate in five years....



* percentage of worktime missed.

■ In the past decade, sickness is less of a factor in why we miss work...



Source: CCH Inc.

BY JULIE FORSTER
Pioneer Press

At more and more companies, calling in sick isn't what it used to be.

Maybe you are sick. Maybe you're heading to the beach. Perhaps your aging mother needs your help.

The details don't matter as much at the growing number of companies reshuffling traditional paid-time-off programs. Gone are sick days, personal days, bereavement days and vacation. For many companies, it's all tossed into a single pool. Use as needed.

The retooled time-off programs give a changing work force much needed flexibility, supporters say. Ward Cleaver-style families no longer dominate; today's workplace is teeming with singles, with and without children. Many have aging parents.

Critics see other motives at work. Cutting costs — not cutting workers a break — is what's fueling the trend, they say. Increasingly, workers are choosing between crawling into work with the chills or losing time they had hoped to spend at the lake.

"Now, your health will determine how much vacation you get," said Joe Robinson, an advocate of a national minimum paid-time-off law and author of "Work to Live: The Guide to Getting a Life."

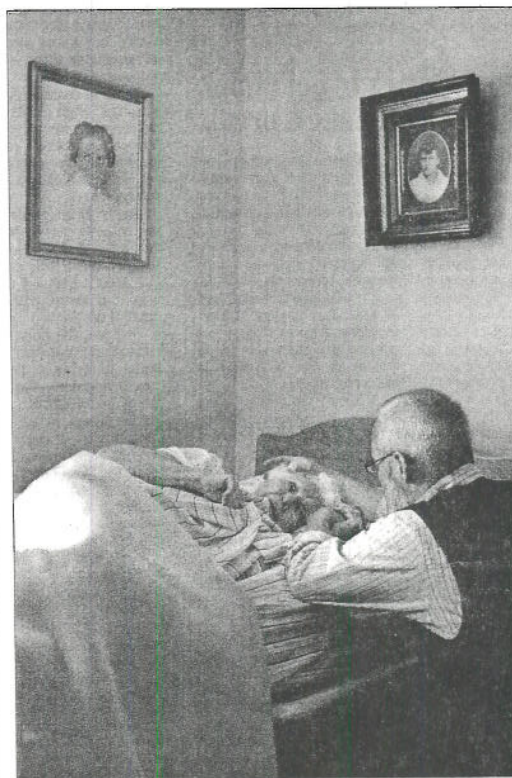
This much is clear: More companies are embracing paid-time-off plans. Five years ago, less than one-quarter of companies used the plans. Today, 63 percent do, according to a survey by CCH Inc., an employment-law research firm.

Flexibility is a popular selling point, but keeping a lid on costs is key.

Missing work adds up, especially that last-second unscheduled absence. That's fancy talk for sick day. Companies have long suspected a fair chunk of those calls involved some well-rehearsed coughs and simulated sniffles.

"The driving force is sick-leave benefits were being abused by some employees," said Carl Lehmann, an employment attorney with Gray Plant Mooty in Minneapolis.

Last year, unscheduled absences



CHRIS POLYDOROFF, PIONEER PRESS

Peter Farstad, chief administrative officer for LifeSource, visits his mother, Margaret, at Walker Methodist Nursing Home in Minneapolis. Farstad has used some of his paid time off to help his mother, who has Alzheimer's disease, move into the nursing home, and he expects to dig deeper into the pool as her disease progresses.

Missing work can add up to missing profits for companies. For every dollar employers spend on payroll, they spend slightly more than 14 cents on paid absences, according to an analysis of costs at more than 530 companies.

hit a five-year high, at 2.4 percent of scheduled work time, according to CCH. That compares with 1.9 percent in 2003, and followed a gradual decline since the late '90s.

The thinking behind paid-time-off pools is that if workers have more ownership of their time, they'll be more judicious in calling in at the last minute. "If sick time and vacation are separate, the only way to access the sick time is to call

in sick," said Carol Sladek, a work life consultant with Hewitt Associates. In other words, if the time is there, you should take it.

Missing work means missing profits for companies. For every dollar employers spend on payroll they spend slightly more than 14 cents on paid absences, according to an analysis of costs at more than

TIME-OFF, 7D

Time-off

(continued)

530 companies by Mercer Human Resource Consulting. For an employee earning \$40,000 a year, that translates to \$5,699. So for an employer with 5,000 employees, the costs add up to \$28.5 million, plus other indirect costs.

For healthy employees, the paid-time-off banks can be good.

Peter Farstad, 47, is chief administrative officer for LifeSource, a St. Paul-based non-profit firm that manages human organ donations in the Upper Midwest.

He likes the paid-time-off bank his employer offers because he hardly ever gets sick himself, doesn't have children to care for, and can use the extra time he collects for other things.

"If you use a ton of sick days, that probably doesn't seem as good," he said. "But if you don't use as many sick days, you can use more for caring for someone else, for vacation or personal days — whatever it is."

Farstad has used some of his time off to help his mother, Margaret, move from an assisted-living arrangement to a nursing home wing designed for people with Alzheimer's disease.

As her disease progresses, Farstad expects to dip deeper into his paid-time-off pool to care for her.

Window maker Andersen

Corp., in Bayport, Minn., took a variety of leave policies and created a paid-time-off bank a few years ago. The consolidated plan gives workers a sense of ownership, the company says, making them more diligent in how the time is used.

Under the plan, new employees receive 13 days of paid time off, plus 10 paid holidays. At five years, they get four more days. At 10, the total runs to a combined 31 days.

Now employees don't need to let their supervisors in on what can be the gory specifics of their personal life.

"Whether it's a legal matter, sick leave or a personal matter at home, folks don't have to give their supervisors the details of why they want to use a day of paid time off," said Chris Lindstrom, Andersen's head of human resources and compensation.

Along with its paid-time-off bank, the company launched an "absence-management policy," aimed at encouraging workers to plan their time off. Combined, the programs "have been beneficial in terms of managing time away from work, and in turn, unplanned absences," according to Lindstrom.

Not everyone thinks it's wise for employers to butt out on the specifics of why workers are away from the job. If employees are actually using the time for their own illnesses, employees need to know that, some say.

"The intention is good, but the employer loses the ability to collect information that can

CONTINUED FROM THE COVER

apply to other benefit programs they are offering," said Sharon Kalcia, chief executive of Disability Management Employer Coalition in San Diego, a group of 1,200 employers from across the nation concerned about absence and disability issues.

If in certain work groups, for instance, there is a higher incidence of a chronic disease, health care plans can be adjusted accordingly," she said. Employers, meanwhile, like the predictability of paid-time-off pools.

The company knows exactly the number of days someone will miss under these plans. That's in contrast to plans that earmark time for specific reasons, like funeral leave. There's no way to know how many of those days will be taken.

Lehmann, the Gray Plant Mooty attorney, is also an employer. He set up a paid-time-off bank for the nanny of his three children with 15 days of paid time off each year. "I just wanted to know, this is the agreed number of days you will be gone each year," he said.

That certainty is seen as a big benefit at Lancet Software, in Burnsville, which uses a paid-time-off bank for its 25 employees.

Employees there are scheduling time in advance, cutting down on last-minute absences, said Susan Bjork, Lancet's human resources director. Under a separate sick time/vacation time policy, employees typically wait until the last minute to call in for the



CHRIS POLYDOROFF, PIONEER PRESS

On the dresser belonging to Peter Farstad's mother, Margaret, are her eyeglasses, watch and photos of herself and her husband Dan. Farstad visits his mother almost every night. He says he likes the paid-time-off bank offered by his employer, LifeSource, because he'll be able to use it to care for his mother as her Alzheimer's disease progresses.

care of a child or parent or other need in order to claim personal illness so they can use the sick time rather than vacation time.

The paid-time-off banks lead to less stress for employees and can also cut absences, she said.

Critics say all that certainty offered by paid-time-off pools is coming at the expense of time for workers.

Last year, the average sick leave offered by companies was 6.9 days, down from 7.6 days in 2003 and 9.3 days three years ago, the research firm CCH says.

Sladek, the Hewitt consultant, acknowledges that she typically recommends that a company offer fewer sick days when converting their various leave

policies to a single bank. If they had four days, she'll recommend three.

Union negotiators say they see that trend. In some cases banks actually reduce the number of personal days an employee can take — or at least make it easier for employers to cut back once they're established.

"The real issue for employers is to reduce the overall amount of leave days they grant for employees," said Brendan Cummins, a Minneapolis attorney who represents unions.

This is a less sensitive task with a time-off bank, he argues. It's cold-hearted to slice funeral leave time. It's less jarring to reduce the bank by a day.

"It takes the human dimension out of sick days, and the employer can just talk about it in abstract economic terms," Cummins said.

Don Seaguit, a negotiator for the United Food and Commercial Workers Local 789, recalls one contract in which a nursing home operator wanted to switch to a paid-time-off bank from traditional sick days and other personal days.

In that case, the nursing home had many employees who had been there for longer than 10 years. In the transition, under the nursing home's proposal, they would have lost days off.

"We said we weren't interested," Seaguit said.

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