

## Sick Leave Based on a Rate Per Hour

<b>Document #:</b>	3271	<b>Product:</b>	CenterPoint® Payroll
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This document explains how to setup Sick Days and accrue the rate per hour. An example of this is for a state that indicates that an employee can accrue a set number of hours in a year with a maximum number of hours (this document covers accruing the rate per hour). An employer can choose to give all of the hours to an employee at one time, or a percentage for every hour worked and when the employee has accrued all hours the accrual would stop. In CenterPoint Payroll, the accrual is considered a calendar calculation. Leave setup is comprised of seven steps:

[Step A: Add Paid Leave Earnings](#)

[Step B: Add the Earning to the Employee](#)

[Step C: Add Leave Categories](#)

[Step D: Update the Decimal Place Preference](#)

[Step E: Add Leave Tables](#)

[Step F: Specify Hourly Earnings to Accrue in Leave Calculation](#)

[Step G: Assign Leave Tables to Employees](#)

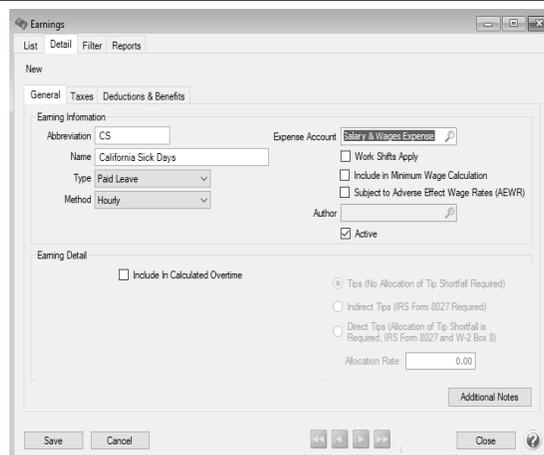
 Note: The examples used in this topic are for the state of California where an employee can accrue 24 hours in a year with a maximum of 48 hours.

### Step A: Add Paid Leave Earnings

Paid leave earnings are used to track the number of hours used for each type of leave. To accurately calculate available leave, it is recommended that you setup a separate earning for each Leave type (vacation, sick time, paid time off PTO, etc.) offered.

1. Select **Setup > Payroll Details > Earnings**. If a paid leave earning such as "Sick Time Leave" does not exist, click **New**.

 Note: If earnings for paid leave already exist, Step A can be skipped.

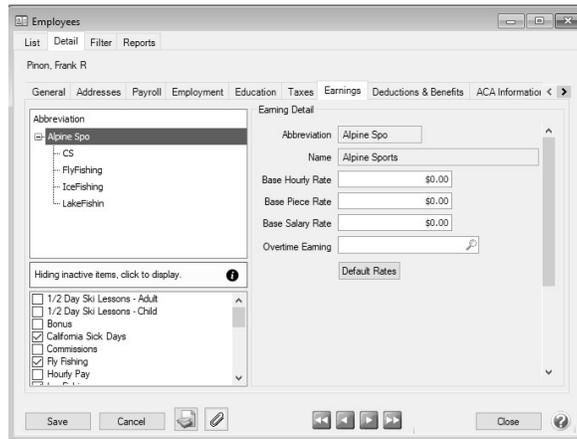


- In the **Type** box, select **Paid Leave**.
- In the **Method** box, select **Hourly**.
- Enter an **Abbreviation** and **Name**, such as CS and California Sick or S and Sick Time.
- In the **Expense Account** box, select the expense account for the earning.
- Click **Save**. If you want to add the earning to your employees, click **Yes**, select the employee(s) to add the earning to, click **Add**, click **Yes**, and then click **OK**.

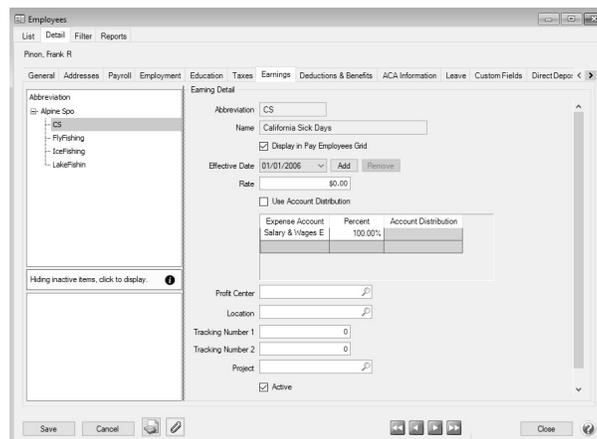
## Step B: Add/Verify the Earning for the Employee

Follow the instructions below to add/verify the Sick Days earning for individual employee records. If you did not add the earning to multiple employees in Step A, we recommend using the Employee Mass Update option instead. Refer to the *Employee Mass Update* topic for more information.

- Select **Setup > Employees**.
- Select the employee you want to add/verify the earning for, and click **Edit**.
- Select the **Earnings** tab.



- Select the **Employer** on the left side of the screen.
- The list of available earnings will then be displayed at the bottom of the screen. Select/verify that the appropriate earning is selected. The selected item will automatically be included in the list of earnings for this employee at the top of the screen.
- On the top left of the screen, select the earning under the company. The details for that earning are displayed to the right.



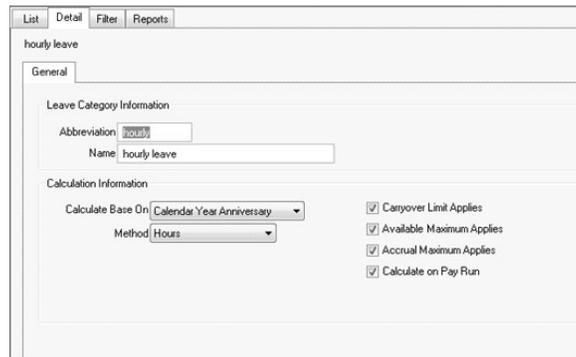
- The fields displayed in the **Earning Detail** are dependent on which options were selected when the earning was originally setup (Setup > Payroll Details > Earnings). Complete the fields with information specific to this employee.
- Click **Save**. Repeat Step B for each employee that needs an earning added to their employee record.

## Step C: Add Leave Categories

Leave categories define how often leave is awarded to the employee, when it is awarded, if there is a wait period and can leave be carried over from one year to another. A leave category is assigned to each leave table (Setup > Payroll Details > Leave). The leave category prints on the check stub notifying employees how much of each leave time they have available.

For example, California law states that a maximum of 48 hours can be carried over. The Accrual Maximum Applies selection in this screen will stop sick time from accruing after 24 hours. Even if the employee uses some sick time, it will not accrue additional hours for that year. The Calculate on Pay Run must be selected because California law states that the sick time must appear on the check at the time of the pay run.

1. Select **Setup > Payroll Details > Leave Categories**. Click **New**.



2. Enter an **Abbreviation** and **Name** such as hourly and Hourly Leave.
3. In the **Calculate Base On** box, **select Calendar Year Anniversary** which is the number of times you reach the calendar end-of-year-date. For example, if an employee is hired on March 20, 2023, they will have one year of service on December 31, 2023, two years of service on December 31, 2024.
4. The **Method** box is used to specify how often an employee is awarded new leave. Select **Hours**. The accrual of leave is a percentage of earning hours. For example, if the total hours worked in a year is 2080 and the amount of vacation awarded is 40 hours, the calculation is  $40/2080 = .0192$ . You can specify which earning hours should qualify for accruing leave hours. Hours are recalculated from the beginning of the year each time a calculation is completed.

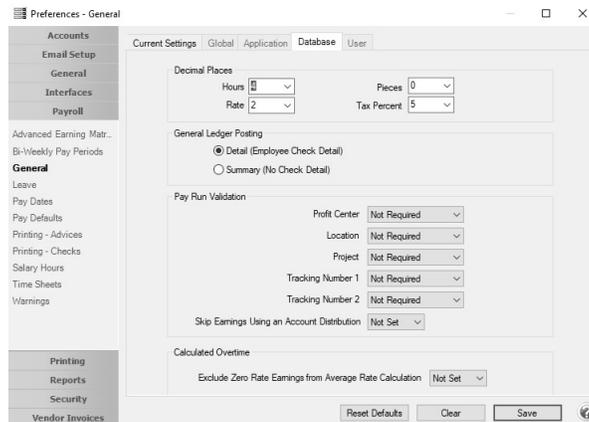
 **Note:** If a method of Hours is selected, you must also specify in the Employer which earnings should be used to accumulate earning hours, this is covered in Step F below. If this is not specified, no hours will be awarded.

5. Select the **Carryover Limit Applies** check box to set a limit to the number of hours that can be carried over to the next year's leave. If this box is selected, you must specify on the Leave table how many hours can be carried over (step E8 below). In this example, California states that the carryover limit is 48 hours.
6. Select the **Available Maximum Applies** check box to set a maximum number of available hours an employee can have at any given time during a year. If an employee is allowed to have an unlimited number of leave hours, then do NOT select this box. If this box is selected, you must specify on the leave table what the available maximum number of hours is (Step E8 below).
7. Select the **Accrual Maximum Applies** check box to indicate that the leave will have a maximum amount applied to hours accrued during the year. The Accrual Maximum Applies selection in this screen will stop sick time from accruing in this example for California after 24 hours. Even if the employee uses some sick time, it will not accrue additional hours for that year.
8. Select the **Calculate on Pay Run** check box which allows the leave to accrue on each pay run. Some state laws indicate that the sick time must appear on the check at the time of the pay run.
9. Click **Save**.

## Step D: Update the Decimal Place Preference

When you set the leave category to a method of Hours worked , the default decimal place should be set to a higher number of places.

1. Select **File > Preferences > Payroll > General** and set the **Hours** to **4** decimal places.



2. Click **Save**.

## Step E: Add Leave Tables

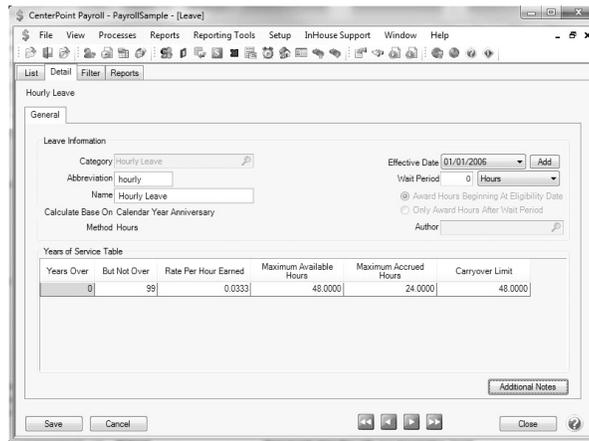
Leave is used to setup specific leave tables that can be assigned to an employee and used in leave time calculations. The Leave Table defines how much leave should be calculated for each employee based on the leave category and the employee's number of years of service.

For example, according to California law, there is no wait limit and the sick hours must accumulate on the first check the employee receives, however the employer has the option to wait 90 days before they have to pay for sick days. The employer will need to monitor the 90 day wait period.

1. Select **Setup > Payroll Details > Leave**. Click **New**.
2. Select the **Leave Category** you created in **Step C**. The leave category determines whether or not Carryover Hours and Maximum Hours apply. The category fills in the Calculates Based On and Method options.
3. Enter the **Abbreviation** and **Name** for this leave. For example, Hourly and Hourly Leave.
4. The **Effective Date** box should be left at the default date during the initial setup. The Effective Date allows you to make changes in the future to the leave table and maintain the history of the leave definition.
5. In the **Wait Period** box, enter **0**. This is the period of time a new employee must work to qualify for this leave (if applicable). For example, in California, there is no wait limit and the sick hours must accumulate on the first check the employee receives.

 **Note:** The employer has the option to wait 90 days before they have to pay for sick days. The employer will need to monitor the 90 day wait period outside of CenterPoint Payroll. .

6. Select how/when hours are awarded. **Important:** this cannot be changed after the leave category is saved. Select **Award Hours Beginning at Eligibility Date**: Hours start accruing on the eligibility date. If a wait period is entered, leave will be calculated from the original eligibility date after the wait period is over
7. To set up the Leave table, in this example for California Sick days use the information below:



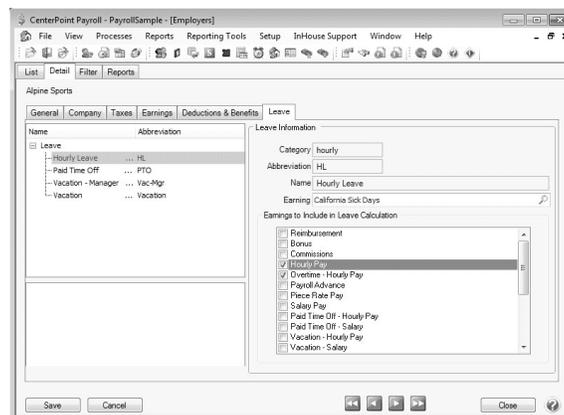
- » **Years Over** – When an employee’s years of service is equal to or greater than this number the application will use the leave accrual variables (hours earned, maximum hours, etc.) entered on the same row to calculate leave. Enter **0**.
- » **But Not Over** – This is the ending range for calculating the leave accrual based on years of service. Enter **99**.
- » **Rate Per Hour Earned** – Enter **0.0333**.
- » **Maximum Available Hours** – Enter **48**. The employee would stop accruing leave until their available leave falls below the maximum.
- » **Maximum Accrued Hours** - Enter **24**. This column represents the total hours an employee can accrue for the leave item annually.
- » **Carryover Limit Applies** – Enter **48**. Carryover represents the hours allowed to carry over to the beginning of the next fiscal year or the employee's eligibility date based on the leave category selection.

8. Click **Save**.

## Step F: Specify Hourly Earnings to Accrue in Leave

### Calculation

1. Select **Setup > Payroll Details > Employer**.
2. Select the employer leave is being set up for and click **Edit**.
3. Select the **Leave** tab.
4. Select the hourly leave you set up in Step E from the top left side of the screen.
5. In the **Earning** box, select the earning you created from Step A, for example, California Sick Days.
6. Under **Earnings to Include in Leave Calculation** Earnings, select any earnings used in the calculation of hours worked—such as hourly pay, overtime-hourly pay, etc.



## Step G: Assign Leave Tables and Categories to Employees

1. Select **Setup > Employees** or **Setup > Payroll Details > Employees** and select an employee that will use leave.
2. Select the **Leave** tab.
3. Select the **Employer** on the top left side of the screen.
4. In the lower left portion of the screen, all available Leave options will be listed. Select each Leave that is appropriate for this employee.



Note: Selecting a leave will add it to the employees list of earnings in the top left side of the screen.

5. Modify the **Leave Details** for each Leave option:
  - a. Single-click on a Leave in the top left side of the screen to display the **Leave Details**.
  - b. Verify the **Eligibility Date** and change if needed. If an employee has been working all calendar year, and you enter an eligibility date before 7/1/23, the system will calculate on all hours worked from that date. If you want to only calculate hours after 7/1/23, the eligibility date must be set to 7/1/23.



Note: All balance fields will be zero until beginning balances are calculated.

- c. In the **Earning** box, select the appropriate Leave earning. This is used to track how many hours of payroll have been used for this leave type.
6. Click **Save**.
  7. Complete Steps 1-7 for each employee that is eligible for leave.