

COLORADO AGRICULTURE LABOR & EMPLOYMENT COMPLIANCE GUIDE

JANUARY 1, 2023



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Content included in this guide was commissioned by Range Law, Denver, CO.

This guide was compiled by the Colorado Livestock Association for Colorado livestock producers.

All content herein was provided by Range Law, 600 Grant Street #650, Denver, CO 80203

PUBLISHED: JANUARY 1, 2023

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WAGE & HOUR RECORDKEEPING REQUIREMENTS

Background: Both the federal and state governments require that Agricultural Employers maintain specific payroll-related records for each employee.

What are we required to do?

You must keep either paper or digital records for each employee that include:

Name; Address; Job Title & Date of Hire;

Birth date is required if the employee is less than 18 years old

You must keep *daily* records of *all hours*, and portions of hours, each employee works.

This requirement applies whether the employee is paid by the hour, paid by the shift, or paid a salary. You don't have to use a traditional time clock.

You can use any method that allows you to keep *accurate* time records. You may want to investigate timekeeping apps that allow employees to clock in and out using their cell phones.

Employees should review and approve their time records for each work week.

NOTE! You *must* keep daily hours-worked records for *Range Workers*, including the specific days they were on call 24/7 while working on the range, and any and all hours they worked at or near ranch headquarters, regardless of whether they are participants in the H-2A Temporary Agriculture Program. Beyond being required by Colorado rules, these records are critical in defending against a claim that Range Workers have not been primarily engaged in tending livestock on the open range and are, therefore, entitled to Colorado Minimum Wage and to Overtime Premium Pay under Colorado's Agricultural Overtime Rule.

- You must keep a record of each employee's rate of pay either an hourly rate or a weekly salary; the amounts deducted for payroll taxes, insurance, savings, or for any other reason; and gross and net earnings for *each pay period*.
- You must *provide each employee* the same information regarding hours of work and pay described above for *each pay period*, either in a written earnings statement you include with each paycheck usually called a "paycheck stub" or through an electronic portal employees can access themselves.

<u>NOTE!</u> These requirements are *extremely* important to pay attention to, as your payroll-related records may be the only tool you have to defend your farm or ranch against a claim that you are not paying employees properly.

COLORADO MINIMUM WAGE

Background: Colorado has adopted its own Minimum Wage, which is subject to different rules than those that apply to the federal minimum wage. While small farms and ranches can be exempt from federal minimum wage requirements, they are not exempt from paying the Colorado Minimum Wage, which applies to all Colorado agricultural employers.

What are we required to do?

- For <u>Calendar Year 2023</u>, you must pay each employee at least \$13.65 per hour. This amount increases each calendar year.
- You may pay employees a per shift amount or a salary, however the amount each employee receives each work week must total not less than \$13.65 for each hour the employee works, prorated for partial hours worked.
- There is an exception to this rule for Range Workers who are principally engaged in tending to livestock on the open range and who are provided food, lodging, transportation, and equipment as required by the federal H-2A Temporary Agriculture Program regulations, even if they are not actually H-2A visa holders. You may pay Range Workers a salary of not less than \$559.29 per week during 2023 instead of paying them \$13.65 per hour. This amount increases each calendar year.

NOTE!

!! The Range Worker exception to the Colorado Minimum Wage rule *does not apply* to work weeks during which a Range Worker is not primarily engaged in range work, but is performing other work at or near ranch headquarters – for example, operating equipment in support of farming operations.

!! During those work weeks, a Range Worker *must be paid on an hourly basis* at not less than the Colorado Minimum Wage rate.

COLORADO AGRICULTURAL OVERTIME

Background: As a Colorado Agricultural Employer, your farm or ranch *must comply* with the Colorado Agricultural Overtime Rules, which became effective on November 1, 2022. The fact that your agricultural business is exempt from *federal* overtime pay requirements doesn't change your *Colorado* overtime pay obligations. Colorado Agricultural Overtime is being phased in during 2023, 2024, and 2025. It's important to understand what rules will apply in each of those years.

What are we required to do?

As an Agricultural Employer, you are required to pay your employees *Overtime Premium Pay*, or to grant your employees *Agricultural Overtime Benefits*, for those *Agricultural Overtime Hours* they work *each day or each work week*.

What are Agricultural Overtime Hours?

The answer depends on the year and on the number of employees a farm or ranch typically hires. There will also be a special rule for "Highly Seasonal Employers," which likely will not apply to livestock operations.

- For <u>Calendar Year 2023</u>, Agricultural Overtime Hours are those hours, or portions of an hour, that an Agricultural Employee works:
 - (1) Exceeding 60 hours during a single work week; or Hours in one work week; or
 - (2) Exceeding *12 hours* during a single day, or a single shift that crosses over from one day to the next (for example, 11:00 p.m. on Monday through 11:00 a.m. on Tuesday).
 - (2) Exceeding **12 Hours** in one workday, or during one work shift that crosses from one day to the next (for example, 11 p.m. 11 a.m.)
- **For Calendar Year 2024**, the number of hours an employee may work before becoming eligible for Overtime Premium Pay will go *down*.
 - (1) **Small Agricultural Employers** will begin counting Agricultural Overtime Hours at **56 Hours** in a work week, or **12 Hours** in a single day or shift. A "Small Agricultural Employer" had an average of 1, 2, or 3 employees during 2021, 2022, and 2023, and had an average adjusted gross annual income for tax purposes of less than \$1 million during each of those same three years.
 - (2) Agricultural Employers that typically hire more than 3 employees, or that typically have adjusted gross annual income of \$1 million or more, will begin counting Agricultural Overtime Hours at 54 Hours in a work week, or 12 Hours in a single day or shift.
 - (3) There is an exception for *Highly Seasonal Agricultural Employers* that hire twice as many employees during a multi-week peak season or period than they do during most of the year. This exception requires adherence to special rules that are explained in the Department of Labor & Employment's Colorado Overtime & Minimum Pay Standards Order (the "COMPS Order"), which is available here,

https://cdle.colorado.gov/sites/cdle/files/7%20CCR%201103-1%20COMPS%20Order%20%2338.pdf, in Section 2.3.2 (C).

- **During Calendar Year 2025:** The number of hours employees can work before being eligible for Overtime Premium Pay will again go *down*.
- (1) The special rule for Small Agricultural Employers will go away and *all Agricultural Employers* that are not Highly Seasonal begin counting Agricultural Overtime Hours at *54 Hours* in a work week, or *12 Hours* in a single day or shift.
- (2) The special rule for Highly Seasonal Agricultural Employers will remain in place.

NOTE! Agricultural Overtime Hours are measured on the basis of a **7-day work week**, regardless of whether your payroll period is every two weeks or any other period. You **must** calculate Overtime Premium Pay eligibility **every work week**.

What is Overtime Premium Pay?

Overtime Premium Pay is usually referred to as "time-and-a-half." It should be calculated using an employee's **Regular Rate of Pay** as follows:

(1) If the employee is paid an *Hourly Wage*, that wage is the employee's Regular Rate of Pay. Overtime Premium Pay is then 150% of -- or 1.5 times – the employee's Regular Rate.

For example, an employee who regularly receives \$20.00 per hour would receive \$30 per hour (\$20.00 x 1.5) for Overtime Hours the employee works.

(2) If the employee is paid a *Salary* or a *Per-Shift Amount*, Overtime Premium Pay is calculated using the Overtime Hours threshold described above.

For example, if an employee receives a salary of \$1000 each work week, you calculate their Regular Rate by dividing \$1000 by the number of hours the employee worked up to the Overtime Hours threshold, which is 60 hours in a workweek during 2023. This results in a Regular Rate of \$16.67 per hour ($$1000 \div 60 = 16.67). For time beyond 60 hours, the employee would be entitled to 1.5 times \$16.67 - or \$25.00 per hour - as Overtime Premium Pay.

What are Agricultural Overtime Benefits?

The Department of Labor & Employment has created a special rule that you can comply with when an employee works more than 12 hours in a single day or during a single shift:

- (1) If the employee works more than 12 hours but less than 15 hours, in place of Overtime Premium Pay, you may provide the employee Agricultural Overtime Benefits in the form of a *paid 30-minute break* instead of the third 10-minute break they would otherwise be entitled to; and
- (2) If the employee works more than 15 hours, you may also provide them *one hour of pay* calculated at the *Colorado Minimum Wage Rate*. If you didn't know ahead of time that you would need an employee to work more than 12 hours, then you can permit them to take an additional, paid 30-minute break during their next work day. If you do not provide Agricultural Overtime Benefits as described above, then you must provide an employee who works more than 12 hours in a day or a shift Overtime Premium Pay.

Are There Any Exemptions from the Colorado Agricultural Overtime Rule?

The Department of Labor & Employment has adopted the following exemptions from its Colorado Agricultural Overtime Rule:

- (1) *Range Workers* are exempt from the payment of overtime *if* they receive not less than the Range Worker's weekly salary defined in the Department's Publication & Yearly Calculation of Adjusted Labor Compensation Order (the "PAY CALC" Order), but *only* while they are primarily engaged in Range Work.
- (2) **Decision-Making Managers at Livestock Employers** are exempt from overtime if they satisfy **all** the following tests:
 - 1. They must be paid at least the minimum salary that applies to all other overtime-exempt employees under the Department's COMPS and PAY CALC Orders; for Calendar Year **2023**, that minimum salary is **\$961.54 per week**, which rounds to \$50,000 for the year.
 - 2. They must hold that position *full-time* and not on a temporary or seasonal basis.
 - 3. Their primary duties must involve exercising independent *judgment and discretion* in matters of significance.
 - 4. They must *either supervise two or more* full-time employees; *or report directly* to an owner of the farm or ranch, or to an executive-level employee who reports directly to an owner, such as the owner's "second in command," or the manager of the site where the employee is assigned.
 - 5. They must work for a *Livestock Employer* that is primarily involved in raising and caring for livestock, such as a dairy farm, sheep or cattle ranch, or feedlot.
- (3) A child, sibling, spouse, parent, aunt, uncle, nephew, niece, first cousin, grandchild, or grandparent of a Family Owner of a farm or ranch is exempt from Colorado Overtime.

A "Family Owner" is a person who holds a majority interest in an agricultural employer, or whose ownership interest combines with other family members' ownership interests to create a majority interest.

The family relationships identified above can come through blood, adoption, or marriage.

NOTE! If you fail to provide Overtime Premium Pay, or Agricultural Overtime Benefits, to employees who are eligible for one or both, you risk being assessed *back-overtime-pay* calculated using the *40-hour* Overtime Premium Pay threshold should an employee make a complaint to the Department.

MANDATORY MEAL BREAKS, REST BREAKS, EXTENDED MEAL BREAKS & ADDITIONAL PAID BREAKS

Background: Senate Bill 21-087, together with the Colorado Overtime & Minimum Pay Standards Order, referred to as the "COMPS Order," requires that Agricultural Employers provide unpaid, or in some circumstances paid, Meal Breaks, along with paid Rest Breaks, during each shift an employee works. In addition, Agricultural Employers are required to provide Extended Meal Breaks and Additional Paid Breaks, at an employee's advance request, depending upon the number of hours an employee works in a given work week.

What are we required to do?

Meal Breaks:

- (1) Every overtime-eligible employee who works a shift of more than 5 consecutive hours is entitled to a *duty-free*, *30-minute break*, at roughly the mid-point of their shift, during which to eat a meal or engage in other personal activities. *This break can be unpaid* if it is at least 30 minutes long and actually duty-free, such that the employee can leave the farm or ranch if need be, so long as they can return to work on time.
- (2) If an actual *duty-free break is impractical*, an employer can permit an employee to eat a meal while working and *pay the employee for the time*.

NOTE!

- !! Be careful when declaring that duty-free Meal Breaks are impractical; the Department of Labor & Employment takes the position that an employer may **not** declare that **all** duty-free Meal Breaks are impractical except in exceptional circumstances that will rarely apply on a farm or ranch.
- !! Make sure employees know **they must clock out** during unpaid, duty-free Meal Breaks. Without doing so, a disgruntled employee will be able to claim they worked through every Meal Break and are entitled to additional pay as a consequence, and you may have no means of proving that they didn't.
- !! Do **not** permit employees to work without a Meal Break because they want to do so. **You**, as the employer, must be the one to determine that a particular duty-free Meal Break is impractical, and be able to prove that was the case in response to a complaint.
- !! It is *not* permissible for employees to skip Meal Breaks so they can leave work 30 minutes early.
- !! It *is* permissible to allow employees longer than 30 minutes for Meal Breaks.

Rest Breaks:

(1) Every overtime-eligible employee is entitled to paid, 10-minute Rest Breaks as follows:

Work Hours	Rest Breaks Required
2 or fewer	0
Over 2 and up to 6	1
Over 6 and up to 10	2
Over 10 and up to 14	3
Over 14 and up to 18	4
Over 18 and up to 22	5
Over 22	6

- (2) Required Rest Breaks are *always paid* and should be close to the middle of each four hours an employee works.
- (3) Required Rest Breaks must be duty-free, but employees are not entitled to leave the farm or ranch during their Break, <u>EXCEPT</u> where the employee needs to leave their worksite in order to meet a Service Provider.
- (4) Employees may *voluntarily* choose to skip Rest Breaks. They may also agree, *voluntarily and in writing*, to limit their Rest Breaks to 5 minutes if they can reasonably make a trip to a restroom in that amount of time.
- (5) Unlike Meal Breaks, employers cannot deem Rest Breaks to be "impractical" and refuse to permit, and pay for, them. Each Rest Break is *mandatory* unless an employee voluntarily declines to take it.
- (6) Denying employees paid Rest Breaks is equivalent to forcing them to work without compensation, which can put your farm or ranch at risk of demands for unpaid wages, including Overtime Premium Pay, related penalties and attorneys' fees.

NOTE!

- !! Be very careful about allowing employees to skip Rest Breaks, as it is difficult to prove they did so voluntarily when they later claim otherwise.
- !! It is $\it not\ permissible$ to pay employees extra to skip their required Rest Breaks.
- !! It is also *not permissible* to have a policy that permits employees to take a rest break whenever they need one. Instead, you *must* have a written policy declaring that all overtime-eligible employees are entitled to paid, 10-minute, duty-free Rest Breaks at the intervals required by the COMPS Order. You *may* include *additional* breaks whenever employees need them.
- !! **Do not** combine an employee's mandatory Rest Breaks at the end of their shift and permit the employee to leave work early. Skipping a mandatory Rest Break must be the **employee's** voluntary choice, and doing so cannot be tied to a benefit you provide, such as a shortened shift or extra pay.

Extended Meal Breaks:

- (1) In addition to Meal Breaks and Rest Breaks, every overtime-eligible employee is entitled to extend *one Meal Break* from 30 minutes to up to *60 minutes* in any workweek during which the employee works *more than 40 hours*.
- (2) The purpose of this Extended Meal Break is supposed to be for the employee to communicate with a Service Provider during that Service Provider's hours of operation.
- (3) The employee must provide at least **24 hours' notice** in advance of the time they wish to take an Extended Meal Break. If they fail to do so, you must permit them to take an Extended Meal Break later in the same week, or during the immediately following week.
- (4) *Range Workers* may be required to provide **72 hours' notice** of their intention to take an Extended Meal Break. If they fail to do so, you must permit them to take an Extended Meal Break later in the same week, or during the immediately following week.
- (5) So long as the entire Extended Meal Break of up to one hour is duty-free for the employee, you can require that the employee clock out and the Break will be unpaid. The Break will then not be used in determining Time Worked or an employee's Regular Rate of Pay for purposes of Overtime Hours or Overtime Premium Pay.

NOTE!

- !! **Do not** reduce a Range Worker's weekly salary by any amount owing to an Extended Meal Break.
- !! You should avoid inquiring as to the Service Provider the employee intends to meet with, or requiring any evidence that the employee used an Extended Meal Period for that purpose, as doing so could result in an allegation that you "interfered" with the employee's mandatory access to the Service Provider.

Additional Paid Breaks:

In addition to Meal Breaks, Rest Breaks, and Extended Meal Breaks, every overtimeeligible employee, *except a Range Worker*, is entitled to *Additional Paid Breaks* in the following circumstances:

- (1) An employee who works more than **60 hours** in a workweek is entitled to **one 60-minute Additional Paid Break**.
- (2) An employee who works more than **70 hours** in a workweek is entitled to **two 60-minute Additional Paid Breaks**.
- (3) Additional Paid Breaks must be provided *in the same week* that an employee works more than 60, or more than 70, hours unless you had no reason to believe there would be a need for the employee to do so. In that case, you must provide the employee with one or both Additional Paid Breaks in the immediately following week.
- (4) Additional Paid Breaks are "on the clock" and, therefore, must be included in determining Time Worked or an employee's Regular Rate of Pay for purposes of Overtime Hours or Overtime Premium Pay.

NOTE!

!! Employees are *entitled to* Additional Paid Breaks when they work more than 60, or more than 70, hours in a work week. They do *not* have to request an Additional Paid Break.

!! You *must* schedule an employee's Additional Paid Break when they have worked the required number of hours; an employee *cannot decline* to take an Additional Paid Break.

!! You may schedule an Additional Paid Break at the beginning, or at the end, of an employee's shift.

!! You should, if possible, allow an employee who is entitled to two Additional Paid Breaks to take them together on the same day if the employee requests to do so.

!! Although the rules governing Additional Paid Breaks relate to Service Provider Access, employees may use Additional Paid Breaks for any purpose, including for activities off the farm or ranch, and you should **not** request any explanation or evidence as to how an employee used their Additional Paid Break time.

PAID SICK LEAVE

Background: The Colorado Healthy Families & Workplaces Act ("HFWA") requires all Colorado employers, including Agricultural Employers, to provide each of their employees access to at least 1 hour of Paid Sick Leave for every 30 hours the employee works, to a maximum of 48 hours per year.

What are we required to do?

You *must* permit your full-time employees to accrue and use up to *48 hours* of Paid Sick Leave each calendar year. Part-time and temporary employees accrue less than 48 hours of Paid Sick Leave based on the hours they work during the year. This Fact Sheet assumes that all of your employees work full-time.

- (1) Employees accrue **1** hour of Paid Sick Leave for every **30** hours they work to a maximum of **48** hours each year.
- (2) Employees who are paid a weekly salary and are *exempt from overtime* such as Livestock Managers -- are assumed to work *40 hours* per week, even though they work more than that. These employees, therefore, accrue 1.33 hours of Paid Sick Leave each work week.

<u>NOTE!</u> *All* employees begin accruing Paid Sick Leave on their *first day of work*. There is no such thing as a "probationary period" or a "waiting period" with respect to Paid Sick Leave.

(3) Employees may carry over *up to 48 hours* of accrued, but unused Paid Sick Leave from one year to the next. They can, however, accrue *no more than 48 hours* of Paid Sick Leave for any calendar year.

For example, a full-time employee uses 10 hours of Paid Sick Leave this year. The employee can carry over their remaining 38 hours of Paid Sick Leave into next year. They can then accrue, and use, only 10 more hours of Paid Sick Leave, for a total of 48 hours, next year.

- (4) Paid Sick Leave is paid to employees at their **Regular Rate of Pay**. Paid Sick Leave hours are **not** included in Time Worked for purposes of determining when Overtime Premium Pay is due.
- (5) Unused Paid Sick Leave is **not paid out** when an employee separates from employment.
- (6) Paid Sick Leave *can* be part of a PTO program, so long as PTO accrues at not less than 1 hour of Paid Sick Leave for every 30 hours worked and provides employees not less than 48 hours of leave each year.

(7) If part of PTO, Paid Sick Leave must be tracked separately so that employees can know how much Paid Sick Leave, apart from PTO, they have available.

For example, if all your employees accrue 2 hours of PTO for every 40 hours they work, to a maximum of 80 hours per year, you can devote 48 of those hours to Paid Sick Leave because employees are earning PTO at a rate more favorable than 1 hour for every 30 hours worked, and the maximum amount of PTO employees can accrue is greater than 48 hours.

In a combined PTO/Paid Sick Leave program, employees are required to manage their use of PTO so that Paid Sick Leave remains available if they need it. For example, an employee who used all of their PTO by the end of November would not have Paid Sick Leave available if they became ill in December.

NOTE! Managing a combined PTO/Paid Sick Leave program can get a little tricky. You may want to obtain some help if you want to implement one.

What can Paid Sick Leave be used for?

Employees may use Paid Sick Leave for the following reasons:

- (1) To address their own physical or mental illness, injury, or health condition that interferes with working;
- (2) To obtain preventive care or treatment of any physical or mental illness, injury, or condition;
- (3) To care for a Family Member who has a physical or mental illness, injury, or condition, or who needs to obtain preventive care or treatment;
- (4) To obtain, or to assist a Family Member in obtaining, physical or mental care or treatment, crime victim services, or relocation owing to domestic abuse, sexual assault, or criminal harassment;
- (5) Because public health officials closed your farm or ranch due to a public health emergency; or
- (6) Because the employee must care for a child whose childcare facility or school has been closed due to a public health emergency. For purposes of Paid Sick Leave, a "Family Member" means a spouse, child, sibling, parent, or grandparent, or anyone else an employee is responsible for providing care to or assisting with health and safety issues.

<u>NOTE!</u> Under HFWA, you may **not** request that an employee provide a health care provider's note, or some other documentation, to support their use of Paid Sick Leave **unless** the employee is absent for **four or more consecutive days on which they would have otherwise been scheduled to work**. For example, you **should not** request documentation from an employee who is not scheduled to work on Sundays, and who uses Paid Sick Leave on Friday and Saturday, and again on Monday and Tuesday.

Do we need to have a written Paid Sick Leave policy?

You are **required** to do two things: **post** the CDLE HFWA **informational poster**, and provide each employee **written notice** of their right to accrue and use Paid Sick Leave.

(1) The required CDLE *poster* is available on the Department's website:

In English, here:

https://cdle.colorado.gov/sites/cdle/files/%5BCLEAN%20June%201%2C%202022%5D%20 Poster%2C%20Paid%20Leave%20%26%20Whistleblower.pdf

And in Spanish, <u>here</u>:

https://cdle.colorado.gov/sites/cdle/files/Poster%2C%20Paid%20Leave%20%26%20 Whistleblower%20%5BCLEAN%20June%201%2C%202022%5D SPANISH.pdf

The poster needs to be displayed in one or more conspicuous places where your employees are likely to pass by on a regular basis.

(2) You *can* satisfy the written notice requirement by just giving employees a copy of the CDLE poster. However, the poster is poorly written, difficult to understand, and not at all "user friendly." Thus, you may want to consider providing your employees your own clear explanation of how they will accrue Paid Sick Leave and when they can use it, along with a clear statement that they won't get in trouble for doing so, in addition to providing a copy of the CDLE poster.

Can we just pay our employees when they need time off because they're sick or need to care for a sick child or other family member without having a formal Paid Sick Leave policy?

No. While many Colorado farms and ranches have long maintained a practice of paying employees as usual **whenever** they needed to be absent due to illness or injury because it was the right thing to do, that practice does **not** comply with HFWA and can result in administrative complaints, lawsuits, and the imposition of monetary penalties and attorneys' fees. Instead, you **must** implement a Paid Sick Leave program that complies with HFWA requirements.

VACATION & PTO

Background:

Neither federal, nor Colorado, law requires that your farm or ranch provide Vacation Pay or Paid Time Off ("PTO"). It is important to understand the Colorado rules you must comply with if you want to do so.

What are we required to do?

While it's not required, you should have a written policy that explains your vacation or PTO program, and you should provide each employee a copy of that policy that they acknowledge with their signature.

What's the difference between Vacation Pay, PTO, and Paid Sick Leave?

Vacation Pay & PTO are not required, but do constitute compensation that cannot be forfeited once awarded. Paid Sick Leave is required, but can be forfeited if not used.

- (1) Vacation Pay & PTO are the same they both describe paid leave an employee can use for any reason they want or need to. Because they are considered part of an employee's pay, Vacation Pay or PTO cannot be forfeited. This means you can't implement a "use-it-or-lose-it" PTO program, where employees forfeit PTO if they don't use it before the end of the year. It also means that you must pay an employee the value of their unused PTO when they leave your employment.
 - ★ Colorado law does permit employers to "cap" the amount of PTO an employee can accrue, and carry over from year to year, at any one time. For example, it is permissible to have a PTO program in which employees are awarded up to 10 days of PTO, at which point they cannot earn or carry over any more PTO until they use some of what they have accrued.
 - ★ It is also permissible for an employer to pay out all unused PTO at the end of the year, and then start over with a new award of PTO for the following year.
- (2) In contrast, Paid Sick Leave is required by the Colorado Healthy Families and Workplaces Act ("HFWA" for short). Paid Sick Leave is what it sounds like paid leave specifically for use when an employee is injured, ill, or needs to obtain preventive medical care; or when an employee needs to care for a family member. All employees are entitled to accrue 1 hour of Paid Sick Leave for every 30 hours they work, up to 48 hours per year. Unlike PTO, employees are not entitled to be paid out for unused Paid Sick Leave when they terminate, or are terminated from, their employment.
 - A separate section of this Guide addresses Paid Sick Leave, as well as federal and Colorado Family and Medical Leave.