

## **OCU Part-Time Employment Guidelines**


### **SCOPE**

This policy applies to non-probationary Southern Indiana OCU-represented employees of Cummins Inc. (“Cummins”).

### **PURPOSE**

In line with our core value of Caring and to meet the needs of our business and the needs of our employee, the company offers part-time scheduling accommodations. Cummins considers part-time accommodations to be a viable work arrangement in cases where employee, job and manager success factors are well suited to such an arrangement. To the extent local laws and/or labor contract provide benefits different from this policy, Cummins will follow the laws and provisions of both entities. The following sets forth a procedural framework for OCU-represented hourly employees who would like to use a part-time arrangement on a regular basis for a minimum of three months.

### **REFERENCE**

CORP-HR-05-04-01 – Tuition Assistance Policy   
2021 – 2026 OCU Base Business Bargaining Agreement

### **POLICY**

Part-time work arrangements allow employees to grow their careers and manage work and life priorities while delivering business results. Part-time work arrangements also enable us to be an employer of choice in attracting and retaining top talent.

#### **1. Creation of a Part-Time Work Arrangement**

In a part-time work arrangement, an employee works less than 40 hours and at least a minimum of 20 hours per week. This correlates to a part-time percentage of 50% - 90% in 10% increments, i.e. 50%, 60%, 70%, 80%, or 90%. A part-time arrangement may not involve a reduction in the number of scheduled weeks or months an employee works per year. In general, a part-time work arrangement may be employed under the following situation:

- The nature of the work or working hours are well suited for part-time employment

When considering an employee’s request for a part-time work arrangement, the manager should seek to understand the employee’s needs and consider the needs of the business, the team and the employee’s role, in addition to factors such as the employee’s past/present performance and the employee’s ability to deliver their workplan objectives. Sufficient planning is required so that co-workers will not be unduly inconvenienced nor assume increased workloads to accommodate this arrangement.

Part-time accommodation is at the sole discretion of the manager. Managers may limit the number of part-time arrangements within their own organizations. Management at Cummins

reserves the right to discontinue this arrangement at any time for any reason at Cummins' sole discretion, with appropriate notice as identified in this policy.

A best practice is to reduce the arrangement to writing to drive clarity on what is being agreed to between the employee and the leader. If a flexible work arrangement results in a change to an employee's compensation and benefits entitlement, the leader should have the employee acknowledge understanding of the terms of the arrangement via the [OCU Part-Time Agreement Request Form](#).

## **2. Compensation and Benefits will be Calculated in Proportion to the Part-Time Schedule**

### Compensation

A part-time employee's hourly pay rate is not affected by the flexible work arrangement. Weekly compensation is based on the percentage of hours worked during the 40-hour work week, as follows:

% of time actually working X 40-hour normal work week X hourly pay rate (including applicable shift premium and/or differential)

For example: Employee is working a 60% of their normal 40-hour work week and their current rate of pay is \$23.00 per hour.

(60% X 40 hours) X \$23.00 per hour = gross weekly compensation

If extra time is required on a regular basis to achieve the workload, the arrangement should be reviewed by the employee and manager to determine if a revision in part-time percentage or workload is necessary.

Merit increases, promotional increases, or other salary adjustments will be added to the employee's hourly pay rate and adjusted by the percentage of time worked per the calculation above. Variable compensation will be calculated on actual eligible compensation earned during the calendar year, which will have been reduced to reflect the period of time working in a part-time status.

### Benefits

The impact, if any, of the part-time work arrangement on benefits is governed by the controlling plan document or policy. Employees should consult plan documents and policies to further understand the impact, highlights provided below. In general, benefits will be prorated based on the part-time arrangement.

### **Health and Wellness Benefits**

Medical, dental, vision, disability and retirement benefits will be determined by the terms of the applicable benefit plan. Any benefits tied to compensation will be determined by applying the part-time hours and hourly pay rate plus any applicable shift premium. Please review the information below to understand the specifics of varying benefits.

1. Definitions

- a. OneSource Scheduled Hours: Total hours scheduled to work most weeks and the hours used to calculate annual salary and benefits eligibility
- b. Annual Salary: OneSource Scheduled Hours x hourly rate annualized (hourly rate of pay X 2080 annual hours)
- c. OneSource Rate of Pay: Hourly Rate (plus any applicable shift premium)
- d. eTime Regular Work Schedule: Identifies regular working days during the week based on part-time agreement

2. Health and Wellness Benefit Program Eligibility

- a. OneSource Scheduled Hours of 20 or more hours per week will maintain benefits eligibility.
- b. Minor variations in actual hours worked each week will not impact benefits eligibility.

<b><u>Benefit</u></b>	<b><u>Impact</u></b>
<b>Medical/Rx/Vision Plan</b>	<ul style="list-style-type: none"> <li>• Plan Design Impact               <ul style="list-style-type: none"> <li>○ Deductibles: No impact</li> <li>○ Out of Pocket Max: Qualification for a reduced Out of Pocket Maximum will be based on your Annual Salary on January 1<sup>st</sup>. Once set, subsequent Work Schedule or Annual Salary changes throughout the year will not change your Out of Pocket Max for that year. This will be recalculated annually and effective January 1<sup>st</sup> each year.</li> </ul> </li> <li>• Medical plan contribute rates will not be pro-rated based on a reduced work schedule</li> </ul>
<b>HSA Annual Employer Seed</b>	<ul style="list-style-type: none"> <li>• HSA Seed is determined by the Annual Salary on January 1<sup>st</sup>.</li> <li>• Employees will receive Low Income Seed if the Annual Salary is &lt;\$40,000 on January 1<sup>st</sup>.</li> </ul>
<b>Dental Plan</b>	<ul style="list-style-type: none"> <li>• Plan Design Impact: No impact</li> <li>• Dental plan contribution rates will not be pro-rated based on a reduced work schedule</li> </ul>
<b>Life Insurance</b>	<ul style="list-style-type: none"> <li>• Basic Life Insurance               <ul style="list-style-type: none"> <li>○ Benefit Amount: Annual Salary based on reduced work schedule and is effective as soon as OneSource Scheduled Hours changes during the year</li> </ul> </li> <li>• Contributory Life Insurance               <ul style="list-style-type: none"> <li>○ Benefit Amount: Annual Salary multiplier amount based on reduced work schedule and is effective as soon as OneSource Scheduled Hours changes during the year</li> <li>○ Life insurance contribution rates based on Annual Salary from reduced work schedule</li> </ul> </li> </ul>

<p><b>Short Term Disability</b></p>	<ul style="list-style-type: none"> <li>• Calculation Data Definitions <ul style="list-style-type: none"> <li>○ OneSource Rate of Pay</li> <li>○ OneSource Scheduled Hours</li> <li>○ eTime Regular Work Schedule</li> <li>○ STD Rate: Defined in 2021 – 2026 OCU Base Business Bargaining Agreement in Article 21 Insurance, Section 4 Short-Term Disability (STD) <ul style="list-style-type: none"> <li>• 100% of the base wage rate for the first 13 weeks</li> <li>• 75% of the base wage rate for the second 13 weeks</li> </ul> </li> <li>○ STD Weekly Rate: The calculated amount an employee will receive in a week.</li> <li>○ STD Daily Rate: The calculated amount an employee will receive in a day</li> </ul> </li> <li>• STD Benefit Calculations <ul style="list-style-type: none"> <li>○ OneSource Hourly Rate X STD Rate = STD Hourly Rate</li> <li>○ STD Hourly Rate X OneSource Scheduled Hours = STD Weekly Rate</li> <li>○ STD Weekly Rate / number of days worked each week = STD Daily Rate</li> <li>○ STD Daily Rate X Number of days of disability approved by Unum = STD paid amount</li> </ul> </li> <li>• STD Payment Exclusions <ul style="list-style-type: none"> <li>○ Employees will not receive holiday pay when the holiday falls during an approved STD leave.</li> <li>○ Employees do not get STD if the date of disability falls on a non-scheduled workday.</li> <li>○ Employees that work additional days/hours outside of a 40-hour Regular Work Schedule are not considered in the STD benefit calculation</li> <li>○ Workers' Comp pay will be an offset not an exclusion to the Harmonized Disability Plan.</li> </ul> </li> </ul>
<p><b>Long-Term Disability</b></p>	<ul style="list-style-type: none"> <li>• Calculation Data Definitions <ul style="list-style-type: none"> <li>○ OneSource Rate of Pay</li> <li>○ OneSource Scheduled Hours</li> <li>○ eTime Regular Work Schedule</li> <li>○ LTD Rate: Defined in 2021 – 2026 OCU Base Business Bargaining Agreement in Article 21 Insurance, Section 4 Short-Term Disability (STD)</li> <li>○ LTD Weekly Rate: The calculated amount an employee will receive in a week.</li> <li>○ LTD Daily Rate: The calculated amount an employee will receive in a day</li> </ul> </li> <li>• LTD Benefit Calculations <ul style="list-style-type: none"> <li>○ OneSource Hourly Rate X LTD Rate = LTD Hourly Rate</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ LTD Hourly Rate X OneSource Scheduled Hours = LTD Weekly Rate</li> <li>○ LTD Weekly Rate / number of days worked each week = LTD Daily Rate</li> <li>○ LTD Daily Rate X Number of days of disability approved by Unum = LTD paid amount</li> <li>● LTD Payment Exclusions <ul style="list-style-type: none"> <li>○ Employee will not receive holiday or vacation pay after the date of disability.</li> <li>○ Employee does not get LTD if the date of disability falls on a non-scheduled workday</li> <li>○ Employees that work additional days/hours outside of a 40 hours Regular Work Schedule are not considered in the LTD benefit calculation</li> </ul> </li> </ul>
<b>Parental Leave</b>	<ul style="list-style-type: none"> <li>● Calculation Data Definitions <ul style="list-style-type: none"> <li>○ OneSource Rate of Pay</li> <li>○ OneSource Scheduled Hours</li> <li>○ eTime Regular Work Schedule</li> <li>○ Parental Leave Rate: 100% of employee’s hourly rate plus any applicable shift premium/differential</li> <li>○ Parental Leave Weekly Rate: The calculated amount an employee will receive in a week.</li> <li>○ Parental Leave Daily Rate: The calculated amount an employee will receive in a day</li> </ul> </li> <li>● Benefit Calculation: <ul style="list-style-type: none"> <li>○ OneSource Hourly Rate X Parental Leave Rate (100%) = Parental Leave Hourly Rate</li> <li>○ Parental Leave Hourly Rate X OneSource Scheduled Hours = Parental Leave Weekly Rate</li> <li>○ Parental Leave Weekly Rate / Number of days worked each week = Parental Leave Daily Rate</li> <li>○ Parental Leave Daily Rate X Number of days approved Parental Leave = Parental Leave paid amount</li> </ul> </li> </ul>
<b>Tuition Reimbursement</b>	<ul style="list-style-type: none"> <li>● An employee working in a part-time arrangement is eligible for a prorated amount of tuition assistance per calendar year. (Reference: HR-05-04-01 - Tuition Assistance Policy)</li> </ul>
<b>FMLA</b>	<ul style="list-style-type: none"> <li>● FMLA requires eligible employees to work a minimum of 1,250 hours during the 12 months prior to the start of a leave</li> <li>● Reduced Work Schedule impact <ul style="list-style-type: none"> <li>○ Hours worked will be tracked based on reduced work schedule to determine FMLA eligibility at the time of a leave</li> <li>○ FMLA eligibility may be impacted eventually if employees reduced schedule becomes permanent and hours worked/week</li> </ul> </li> </ul>

	falls below 24 – 26 hours (depending on vacation and paid holidays)
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## Holidays

Holiday dates are the same as those for full-time employees. Part-time employees will receive holiday pay based on the percentage of time they allocated on the proposal form.

Example: Employee works a schedule of Monday – Wednesday 8 hours a day (24 hours = 60%). For Thanksgiving Day and the Friday following, this employee would receive 60% of an 8-hour day for holiday pay for Thursday (Thanksgiving Day) and 60% of an 8-hour day for holiday pay for Friday following Thanksgiving Day.

Example: Employee works a schedule of Monday – Wednesday 8 hours a day (24 hours = 60%). For Labor Day this employee would receive 60% of an 8-hour day for holiday for Monday.

## Time Off Accruals

1. Commencement of a Part-Time Arrangement
  - a. Upon commencement of a part-time arrangement, current vacation time and paid sick time is pro-rated by the percentage of time worked. Carryover vacation hours remain available to employees on a part-time arrangement in full. Payment of these hours is made at the part-time base salary for this time off. If an employee has a part-time arrangement as of January 1 of a calendar year, accruals will immediately be adjusted per the calculation below.
  - b. Example: Employee is 50% part-time and has 80 hours of current vacation, 60 hours of carryover vacation, and 16 hours of paid sick time at the start of their part-time arrangement. On the start date of the part-time arrangement, employee accruals will be adjusted to reflect 40 hours of current vacation (80 hours of current vacation X 50%), 60 hours of carryover vacation (full 60 hours of carryover vacation hours granted), and 8 hours of paid sick time (16 hours of paid sick time X 50%).
2. Ending a Part-Time Arrangement During a Calendar Year
  - a. If an employee leaves a flexible work arrangement at any point during a calendar year, current vacation and paid sick time accruals that were reduced as part of their participation in the commencement of a part-time arrangement will be pro-rated based on the remaining business days in the calendar year and returned to the employee.
  - b. Example: Employee underwent 50% part-time arrangement effective July 1, 2021 and their accruals were adjusted as follows: 40 hours of current vacation (80

hours of total current vacation X 50%) and 8 hours of paid sick time (16 hours of paid sick time X 50%) and the employee kept their full 60 hours of carryover vacation. This means that at the time the employee underwent their part-time arrangement 40 hours of current vacation and 8 hours of paid sick time were withheld. Their part-time arrangement officially ended on September 31, 2021 and the following accruals remained: 20 hours of current vacation, 40 hours of carryover vacation, and 8 hours of paid sick time. Between October 1, 2021 and December 31, 2021, there are 65 working days (including paid holidays) or 25% of working days remaining in 2021 (65 working days / 260 total working days in 2021 = 25% working days remaining in 2021). Therefore, we will prorate the current vacation and paid sick time that was withheld on July 1, 2021 by 25%. When the employee returns to full-time on October 1, 2021, the employee's accruals will be as follows:

- i. **30 hours of current vacation** = 20 hours of current vacation remaining at the end of the part-time arrangement + (40 hours current vacation X 25%)
  - ii. **10 hours of paid sick time** = 8 hours of paid sick time remaining at the end of the part-time arrangement + (8 hours paid sick time X 25%)
  - iii. **40 hours of carryover vacation** (no carryover vacation was held at the beginning of the part-time arrangement so employee will keep whatever remaining carryover vacation exists)
3. Years of service for purposes of calculating vacation entitlement is based on the years of full-time and part-time employment combined.
  4. Per the 2021 – 2026 OCU Base Business Bargaining Agreement, vacation may be banked up to a maximum of 80 hours total. Banked vacation will be paid at the wage rate in effect at the time the vacation is taken. Banked vacation may not be waived; it shall be paid only at the time it is taken. This is also applicable to employees working a part-time schedule.

### **3. Roles and Responsibilities**

#### **Employee**

Employees should discuss the details of the part-time work arrangement with their manager. When a new manager takes over supervisory responsibility for an employee working under an established part-time arrangement, the employee should inform the new manager of the part-time work arrangement. Employees must comply with the terms of the arrangement as detailed in OCU Part-Time Agreement Request Form and as documented in the employee's workplan objectives. Failure to comply may result in disciplinary action.

#### **Manager**

Managers should review details of the proposed arrangement and discuss any concerns with Human Resources. Reference the “Guiding Principles for Managing Flexible Work Requests”

noted in the Flexible Working at Cummins Guidelines prior to deciding to approve or deny the employee's request to work part-time.

If the request to work part-time is approved, have the employee acknowledge understanding of the terms of the arrangement via the OCU Part-Time Agreement Request Form. If the need arises that requires the employee to work when they would not normally work, provide as much advance notice as possible.

In addition, it's recommended that you periodically review the details of the arrangement with your manager. The manager's review of the part-time arrangement should be included as a part of regular work plan reviews.

Factors to consider in the review:

- The availability and continuation of the part-time arrangement is contingent on business needs and management approval. Therefore, ensure all conditions agreed upon at the time of the proposal are still valid.
- The number of hours or workload agreed upon in the part-time arrangement may be changed as needed with the same notice mentioned in section noted above.

Additional reviews are necessary if any of the conditions originally agreed upon have changed, including work plan or schedule. If the part-time arrangement is changed or denied, the OCU Part-Time Agreement Request Form must be updated with the new information and sent to Line Human Resources, SIPS, and SIPS Payroll.

### **Line Human Resources Manager**

If the manager approves the request complete the following:

- Notify Southern Indiana Placement Services (SIPS) and SIPS Payroll to make the appropriate changes to salary and headcount in OneSource and accrual adjustments in eTime.

If the manager denies the request, discuss other possible arrangements, as applicable. As needed, managers should review part-time arrangements periodically with their employees and confirm if changes are needed. An employee's performance should be evaluated according to the same performance management process as employees working a full-time schedule.

## **4. Guidance when Ending a Part-Time Arrangement**

When ending a part-time arrangement, employees should discuss the request with his/her manager at least 30 days prior to the desired date, unless there are issues/concerns which could necessitate a shorter notice. Managers should notify their Line Human Resources, SIPS, and SIPS Payroll to ensure OneSource and eTime are updated and the employee's pay and accruals are adjusted timely.



Managers wanting to end a part-time arrangement should give at least 30 days' notice prior to the desired date unless employee performance concerns or business needs necessitate a shorter notice. The manager should also review the termination with the employee and Line Human Resources in consultation with SIPS and SIPS Payroll to make the appropriate changes in OneSource and eTime related to headcount, the employee's salary, and the employee's accruals. The employee's workplan objective status in TMS created at the beginning of the arrangement should be updated to CANCELLED and document the reason for termination of the arrangement.

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