

Pay Practices for Exempt and Non-Exempt Classified Employees

Guidelines for tracking and reporting time worked for employees is outlined below and is differentiated between “exempt” salaried employees and “non-exempt” hourly employees. This designation is determined by federal standards incorporated within the Fair Labor Standards Act (FLSA) based on the employee’s actual job duties and responsibilities and can be referenced on the university’s official classification specification for the employee’s position (Refer to website at-- <http://it.emich.edu/service/classspecs/>).

FLSA Exempt Employees:

It is the practice of EMU that FLSA exempt classified employees are paid on a salary basis and do not qualify for overtime compensation. If the employee is on a biweekly pay cycle the pay period salary amount is determined by dividing the annual salary amount by 26 pays. If the employee is on a semimonthly pay cycle the pay period salary amount is determined by dividing the annual salary amount by 24 pays. Any actual reduction of salary must be as result of the employee having exhausted all available paid time off benefit options (i.e., sick, personal, comp time or vacation) and where such absence is for a day or more, Any partial day absences that might occur for which paid time off benefits are not available will be treated as time worked and the employee will receive their full salary for the pay period. Corrective action and/or disciplinary procedures remain an option to be considered by supervisors in such situations depending on individual circumstances. EMU may reduce an employee’s salary (without jeopardizing the employee's exempt status) for one or more full days when an employee is off work to serve an unpaid disciplinary suspension, imposed in good faith, for infractions of workplace conduct rules.

Other situations such as **temporary military leave or time off imposed by the university due to shut downs** (except in rare situations as approved by the Associate Vice President of Human Resources) **should not result in an actual reduction in salary even if paid time off benefits are exhausted unless the absence is for an entire work week.** If any part of the work week is worked a full salary for the week should be paid. Salary may and should be discontinued or reduced if all available paid time off benefit options have been exhausted for full workweeks or pay periods in which they perform no work as a result of the above noted circumstances.

Time off for jury duty should be recorded appropriately on the exception time report for tracking purposes (Note: APs to use comments field in web time entry (WTE) system) and salary will not be affected regardless of the period length. Non-travel related compensation provided by the court is then to be reimbursed to the University through the Payroll Office. Contact the Payroll Office for specific reimbursement procedures and questions (487-2393). It is appropriate to pay only a proportionate share of his or her salary in single day increments when an exempt employee begins or terminates employment during the course of a pay period.

Payroll record keeping for exempt classified employees should only be done on an exception time basis whereby the employee and supervisor submit and approve use of lost time categories such as sick, personal, vacation or no pay earnings codes. Reporting of lost time categories should not be done in less than 1/2 day (4 hour) increments. Exempt employees are not eligible for compensatory time off benefits. If the employee has exhausted all lost

time benefits (i.e., sick, personal or vacation), then the guidelines above apply as to whether it can be handled as a no pay situation or not.

The pay practice rules above or the designation of exempt status is not to be construed as relieving the employee (either AP or PT or AC) of their obligation to comply with departmental and/or supervisory requirements for notification and approval of an absence or change in schedule (including late arrival or early departure) regardless of whether it is for less than an a half day increment. Supervisors are expected to establish and communicate notification and approval requirements within their organizational units and administer in a consistent manner.

Complaint Process:

This process is not intended be used as a substitute for challenging the application of discipline which results in an employee receiving a reduction of pay. Those challenges remain within the purview of the employee's grievance procedure.

If an exempt employee believes that his or her salary was reduced improperly, that employee should contact the Director of Compensation, Employment, and HRIS in writing or by email.

For any reductions that are found to be improper, action will be taken to ensure such reductions do not occur again.

FLSA Non-Exempt Employees:

Non-exempt classified employees are paid on an hourly basis and must be paid for all time actually worked. For the convenience of payroll processing employees may be set up on an "exception time hourly" or "positive time hourly" basis depending on the employee group. Exception time hourly is similar to salary in that a regular pay amount is set up to be paid each pay period as a default but may be adjusted up or down depending upon actual worked hours reported. Positive time hourly requires that actual worked hours be approved and reported for a paycheck to be generated. Non-exempt employees are only paid for actual time worked or for paid time off benefits which have been authorized and available.

Payroll recordkeeping for non exempt classified employees must be done to account for all hours worked in a work week and are reported along with any approved use of paid time off benefits such as sick, personal or vacation. Non-exempt classified employees which are in employee groups covered by collective bargaining agreements and working a standard 5 day workweek schedule must be paid at the time and one-half overtime rate for any hours worked in excess of 8 in a day or 40 in the work week, with sick, vacation or holiday time to be considered as time worked. Overtime rules for a non-standard flexible scheduling arrangement of four (4) ten (10) hour schedules or three (3) twelve (12) hour schedules can be referenced in the bargaining agreement for the respective employee group for which it is an available scheduling option. Non-exempt classified employees in a temporary employee status are only eligible for the time and one-half overtime rate for hours worked in excess of 40 hours in the work week.

Time off for jury duty should be recorded appropriately on the web time entry (WTE) system for tracking purposes and wages will not be affected regardless of the period length. Non-travel related compensation provided by the court is then to be reimbursed to the University

through the Payroll Office. Contact the Payroll Office for specific reimbursement procedures and questions (487-2393).

Recording Hours Worked and Rounding Rules:

Hours worked for **hourly non-exempt** employees (all CS, all CC, all FM, all CP, all PS and just some PT that are non-exempt classifications) are all hours an employee is engaged to work, engaged to wait or actually at work, whether authorized or not. Thus, if an employee starts work early or works beyond the end of his/her shift, such work must be compensated, whether or not it was authorized or even necessary. Employees, however, may be disciplined for unauthorized or unnecessary work. It is the supervisor's responsibility to establish and enforce the daily work hours for their employees.

When recording hours worked for **hourly non-exempt** employees (regular, overtime and comp time if permissible by union contract) or lost time (sick, vacation, holiday) for payroll submission, rounding rules in quarter hour (15 minute) increments should be used as follows:

<u>Minutes Worked</u>	<u>Round to</u>
0 – 7	0 minutes
8 – 22	15 minutes (0.25 hours)
23 – 37	30 minutes (0.50 hours)
38 – 52	45 minutes (0.75 hours)
53 – 67	60 minutes (1.00 hours)

Employees often come in early for their own convenience. When time clocks are used, employees should be instructed to not punch in more than 15 minutes ahead of time and also instructed to not start working until their regular start time. Supervisors should not allow employees to begin work early unless specifically requested with the intention of including the time as paid hours worked.