



Policy Title	Wage and Hour Administration Policy	Effective Date:	3/15/2011
Policy #	1.3		
Functional Area	Compensation	Revised Date(s)	2/29/2012
Policy	Wage and Hour Administration Policy		
Statement	The purpose of this policy is to ensure that employees are paid accurately as outlined the Fair Labor Standards Act and to efficiently and consistently administer and process pay at the University.		
Philosophy	The University's compensation philosophy is rooted in three core values of integrity, diversity, and quality.		
Procedures	<p>The Fair Labor Standards Act (FLSA) determines positional exemption status based on the position's job duties and responsibilities. The two types of exemption classifications are non-exempt and exempt positions. FLSA exemption status is based on an employee's primary position.</p> <p>I. Non-Exempt Positions</p> <p>Non-exempt employees (regular or temporary) are paid on an hourly basis and must be paid for all time actually worked. FLSA non-exemption positions generally perform operational functions such as routine clerical, maintenance work, and checking and inspecting equipment.</p> <p style="text-align: center;"><u>FLSA Wage and Hour Administration</u></p> <p><u>Overtime</u></p> <ul style="list-style-type: none"> • Overtime paid at least one and one half (1.5) times the employee's regular rate of pay after 40 hours of work in a workweek. <ul style="list-style-type: none"> ○ A workweek is a period of 168 hours during 7 consecutive 24-hour periods. ○ Employees who engage in different types of work for different rates of pay during a single workweek, the regular rate for that week is the weighted average of such rates. • Under certain prescribed conditions, employees of State or local government agencies may receive compensatory time off at a rate of not less than one and one-half hours for each overtime hour worked, instead of cash overtime pay. • Overtime pay may not be waived by an agreement between the employer and employees. <p>II. Exempt Positions</p> <p>Exempt employees are paid on a predetermined salary basis and do not qualify for overtime compensation. FLSA exemption categories are administrative, executive,</p>		

professional, highly skilled computer professionals, and outside sales positions that pass the exemption test and require discretion and independent judgment in job performance.

FLSA Wage and Hour Administration

- A. Paid on a predetermined salary basis: If the employee is on a biweekly pay cycle, the pay period salary amount is determined by dividing the actual salary amount by 26 pays (divided by 24 pays for semimonthly pay cycle).
- B. Employees must receive the full predetermined salary amount for any week in which the employee performs any work without regard to the number of days or hours worked. Employees do not need to be paid for any workweek in which they perform no work.
- C. Wage deductions may not be made from the predetermined salary for absences occasioned by the employer or by the operating requirements of the business.
- D. Employer can substitute or reduce an exempt employee's accrued leave (or run a negative leave balance) for the time an employee is absent from work, even if it is less than a full day and even if the absence is directed by the employer because of lack of work, without affecting the salary basis payment, provided that the employee still receives payment equal to the predetermined salary in a week in which any work is performed even if the employee has no leave remaining.
- E. Wage deductions are permissible when an exempt employee is absent from work for one or more full days for personal reasons other than sickness or disability; for absences of one or more full days due to sickness or disability if the deduction is made in accordance with bona fide plan, policy or practice of providing compensation for salary lost due to illness; to offset amounts employees receive as jury or witness fees, or for military pay; for penalties imposed in good faith for infractions of safety rules of major significance; or for unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace conduct rule infractions.
- F. Employer is not required to pay the full salary in the initial or terminal week of employment.
- G. Employer is not required to pay for weeks in which an exempt employee takes unpaid leave under the Family and Medical Leave Act (FMLA).
- H. Exempt employees are not eligible for overtime compensation.

Positional exemption statues are incorporated into the University's online classification specification database

(<http://it.emich.edu/service/classspecs/index.cfm>).

FLSA Complaint Process

- If employee believes that his or her salary was reduced improperly and was not a result of a disciplinary action, please contact the Director, Compensation & Employment in writing. This will initiate the investigation. If necessary, employees will be reimbursed for any improper deductions and action will be taken to ensure the situation does not occur again.

University Pay Practices

Disciplinary Situations

The wage and hour administration and pay practices outlined above regardless of exemption status are not to be construed as relieving the employee of their obligation to comply with departmental and/or supervisory requirements for notification and approval of an absence, change in schedule (including late arrival or early departure), or working overtime regardless of the amount. Supervisors are expected to establish and communicate notification and approval requirements and establish and enforce the daily work hours within their organizational units and administer in a consistent manner. Corrective action and/or disciplinary procedures remain an option to be considered by supervisors in situations.

Jury Duty

- Time off for jury duty should be recorded appropriately on the exception time report for tracking purposes (Note: APs will use comment field in web time entry (WTE) system)
- Employees will be compensated their regular rate of pay regardless of the period length.
- Employees do not have to report compensation provided by the court to the University Payroll or Human Resources office.

Military Leave

- For exempt positions please review to Section II, Part B and E of this policy.

Payroll Record Keeping

Non-Exempt Positions:

- Payroll recordkeeping must 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.
- Hours worked are all hours an employee is engaged to work, engaged to wait or actually at work, authorized or not. If an employee starts work early or works beyond the end of the scheduled shift, such hours must be compensated, whether or not it was authorized or necessary, per FLSA

regulation.

- Employees are paid on an hourly basis and must be paid for all time actually worked. Employees are either set-up as *exception time hourly* or *positive time hourly*.
 - *Exception time hourly*: Employees are paid a default amount and hours are adjusted up or down depending on the actual work hours reported and approved by the supervisor.
 - *Positive time hourly*: Employees are required to submit hours (both worked and leave) that are approved for a paycheck to be generated.
- Employees who are covered by a collective bargaining agreement and working a standard 5-day (40 hour work week) 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 non-standard flexible scheduling arrangements of 10 and 40 (ten (10) hours a day; forty (40) hours a week) or 12 and 36 (twelve (12) hours a day; thirty-six(36) hours a week) can be referenced in the bargaining agreement for the respective employee group.
 - Overtime must be pre-approved and authorized by the department prior to being worked regardless of the amount.

Exempt Positions:

- A. Payroll record keeping for exempt employees should only be done on an exception time basis where the employee and supervisor submit and approve use of lost time categories such as sick, personal, vacation or no pay earnings codes.
- B. Reporting of lost time categories should not be done in less than ½ day (4 hour) increments.
- C. Exempt employees are not eligible for compensatory time off benefits.

Rounding Rules

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

Minutes Worked	Round To
0 to 7	0 minutes
8 to 22	15 minutes (0.25 hours)
23 to 37	30 minutes (0.50 hours)
38 to 52	45 minutes (0.75 hours)
53 to 67	60 minutes (1.00 hour)

Employees often come into work early for their own convenience. Employees should be instructed to not start working until their regular start time.

University Shutdowns

All non-exempt and exempt employees who have been approved for annual leave or sick leave on a day that the University has been officially closed are required to use such time for the day or closure period. The FLSA wage and hour administration and the University pay practices are applicable for the University campuses that are affected. For example, if the Jackson satellite campus is closed, but the Ypsilanti campus is not, the FLSA wage and hour administration and the University pay practices are only applicable to the employees at Jackson satellite campus in this instance.

Non-Exempt Positions:

- Employees notified not to report to work shall receive their regular hourly rate of pay, exclusive of shift premium, for up to but not exceeding the first eight (8) hours such employee was previously scheduled but unable to work by reason of the University's shutdown.
- Employees who were scheduled to work more than eight (8) hours (e.g. 10 hour shift) on a day of will be charged annual leave or sick leave for all hours exceeding the first eight (8) hours on the day of closure. For the remainder of such closedown or three (3) days, whichever is less, employees may use sick leave or annual leave to the extent each employee's accrued leave time so permits.
- Employees who are directed to report to work when the University is closed will receive pay for the day and equivalent time off for all hours worked up to a maximum of eight (8) hours on a day the University is closed.

Exempt Positions:

- Exempt employees notified not to report to work shall receive their predetermined pay amount for that day.
- Exempt employees who are directed to report to work when the University is closed will receive pay for the day and equivalent time off for all hours worked up to a maximum of eight (8) hours on a day the University is closed.

Vacation and Sick Time

Vacation time is intended for scheduled time away from work. Vacation requests must be pre-approved prior to usage date.

Sick time is intended for unscheduled time away from work.

- Non-Exempt Positions: Sick time will be deducted from the employee's sick time hours balance. If the employee does not have enough hours to cover the absence, lost time will occur (i.e. unpaid time away from work).
- Exempt Positions: Sick time will be deducted from the employee's sick time hours balance. If the employee does not have enough hours to cover the absence, the employee's sick time balance will go into the negative to comply

	with FLSA regulations.
Responsibility	<ul style="list-style-type: none"> • Contact the Director, Compensation & Employment if you have questions about this policy or if you need more information. • Contact the Director, Employee Relations & Policy if you have questions regarding a specific collective bargaining agreement or disciplinary action.
Resources	<ul style="list-style-type: none"> • Compensation Philosophy 1.1 • Additional Compensation Guidelines 1.2 • Department of Labor • For additional Payroll information, click here • For additional compensation related information and processes, please refer to the appropriate bargaining contract: <ul style="list-style-type: none"> • Click here for faculty bargaining contracts • Click here for staff bargaining contracts