

COMPENSATION POLICY MANUAL



**CITY OF MEMPHIS
HUMAN RESOURCES DIVISION**

**COMPENSATION/RECORDS
ADMINISTRATION SERVICE
CENTER**

April 1, 2013

TABLE OF CONTENTS

| <u>Subject</u> | <u>Page</u> |
|--|-------------|
| Table of Contents..... | 1-1 |
| Administrative Policy..... | 2-1 |
| <u>SECTION 1: Compensation Policies</u> | |
| New Hires..... | 3-1 |
| Promotions..... | 4-1 |
| Demotions..... | 5-1 |
| Lateral Transfers..... | 6-1 |
| Job Evaluation/Job Review Salary Adjustment..... | 7-1 |
| Salary Equity Review Adjustment..... | 8-1 |
| Employees in an Acting Capacity..... | 9-1 |
| Red-Circle Rates..... | 10-1 |
| Green-Circle Rates..... | 11-1 |
| Adjustments to the Salary Ranges..... | 12-1 |
| Special Market Pay Plans..... | 13-1 |
| <u>SECTION 2: Fair Labor Standards Act (FLSA) Policy</u> | |
| Fair Labor Standards Act (FLSA) Policy and Procedures..... | 14-1 |
| Definitions..... | 15-1 |

ADMINISTRATIVE POLICY

City of Memphis

This manual promulgates administrative policies, approved by the Director of Human Resources, related to the City of Memphis Compensation function.

These policies supersede previous policies for the City of Memphis Compensation functions addressed within.

Any recognized Memorandum of Understanding (MOU) between the City of Memphis and an employee bargaining unit supersedes the policies in the first section of this manual, Compensation Policies, where there is any conflicting language. Therefore, the first section of this manual, Compensation Policies, applies primarily to non-represented employees of the City of Memphis, where there is conflicting language. Both this policy and MOUs, referenced above, are subject to sufficient funding being approved by City Council. Further, it is the responsibility of the impacted City Division to manage the funding in their approved division budget to account for costs associated with the administration of this policy and any approved exceptions to the policy.

These policies will be reviewed periodically by the Compensation/Records Administration Service Center and any additions, deletions, changes, or clarifications will be recommended to the Director of Human Resources. The Director of Human Resources may make revisions to this policy as needed.

Exceptions to this policy may be recommended by a Division Director to the Manager of Compensation/Records Administration for review and approval by the Director of Human Resources or designee. It is the appropriate division director's responsibility to ensure that funding is available within his or her division budget for any requested compensation. Any exceptions regarding the application or interpretation of these policies must be requested in writing and submitted in advance and approved by the Director of Human Resources or designee.

NEW HIRES

ENTRY LEVEL APPLICANTS

The entry of the salary range is considered to be an internally equitable and externally competitive salary for a new employee who meets the minimum qualifications required by the approved classification job description. The lowest salary wage will be set in compliance with the City's established living wage as approved by the City Council.

APPLICANTS WITH SUPERIOR QUALIFICATIONS

Applicants whose related overall qualifications, such as education, experience, certifications, specialized training, etc., exceed the minimum qualifications for the position, per the approved classification job description, may be hired at a salary rate above the Minimum of the salary range. As a general rule, starting salaries for new employees with superior job-related qualifications may approach, but should not exceed, the Midpoint of the classification's salary range. Requests for salaries above the Minimum of the salary range (Above Entry Salary Review requests) must be submitted by the requesting division director in writing. The requests will be reviewed for potential divisional and citywide pay inequities by the Compensation/Records Administration Service Center prior to approval by the Director of Human Resources or designee.

INTERNAL PAY EQUITY/SALARY COMPRESSION

Internal pay equity/salary compression issues may warrant a salary above the Minimum of the salary range to maintain an internally equitable pay structure especially as it relates to supervisory classifications. Should the division director identify any internal pay equity/salary compression issues believed to exist, he or she should notify the Compensation/Records Administration Service Center to assist in their salary review.

ELIGIBILITY FOR GENERAL PAY INCREASE

New employees (non-represented) who have completed their initial six months of employment, at the time of an approved General Pay Increase, will be eligible for the increase.

New employees (non-represented) who have not completed their initial six months of employment at the time of an approved General Pay Increase will not be eligible for the increase. As general pay increases are implemented at a fixed time, employees will not become eligible for a previously implemented general pay increase at a later time after completing their initial six months of employment.

EXAMPLE

Jill is initially hired in a regular status by the City on February 1st. A General Pay Increase is approved to be effective July 1st of that year. Jill has not completed her initial six months of employment and will not be eligible for the July 1st increase.

PROMOTIONS

DEFINITION

A promotion is defined as an employee moving to a classification with a higher grade level than he or she originally held.

When moving from a classification not graded under the City Compensation System to a classification graded under the City Compensation System (such as a crewperson or crafts worker moving to a foreman or supervisor), it will be considered a promotion if the top rate of the employee's previous classification is less than the salary range Midpoint of the new classification or if the employee in his/her new classification directly supervises the work of his/her former classification.

AMOUNT OF PROMOTIONAL INCREASE

1. NORMAL PROMOTIONAL INCREASE

An employee who is promoted shall receive the greater of either:

- (A) Seven (7%) percent promotional increase, but not to exceed the salary range Maximum of his/her new classification

OR

- (B) Promotional increase to the Minimum of the salary range of his/her new classification.

NOTE: Regarding classifications in a Special Market Pay Plan, See Policy 12-1.

2. PROMOTIONAL APPLICANTS WITH SUPERIOR QUALIFICATIONS

Promotional applicants whose related overall qualifications, such as education, experience, certifications, specialized training, etc., exceed the minimum qualifications for the position, per the approved classification job description, may be hired at a salary rate above the Normal Promotional Increase (above). As a general rule, starting salaries for promotional employees with superior job-related qualifications may approach, but should not exceed, the Midpoint of the classification's salary range. Requests for salaries above the Minimum of the salary range (Above Entry Salary Review requests) must be submitted by the requesting division director in writing. The requests will be reviewed for potential divisional and citywide pay inequities by the Compensation/Records Administration Service Center prior to approval by the Director of Human Resources or designee.

PROMOTIONS (*Continued*)

3. INTERNAL PAY EQUITY/SALARY COMPRESSION

Internal pay equity/salary compression issues may warrant a salary above the Minimum of the salary range to maintain an internally equitable pay structure especially as it relates to supervisory classifications. Should the division director identify any internal pay equity/salary compression issues believed to exist, he or she should notify the Compensation/Records Administration Service Center to assist in their salary review.

4. PROMOTING/TRANSFERRING INTO POLICE AND FIRE ENTRY POSITIONS

Employee promoting/transferring into the entry level positions of Police Recruit/Fire Recruit /Firefighter-Paramedic (Probationary) will not be paid at or above the 1-2 year salary rate of a Police Officer II/Fire Private II/Firefighter-Paramedic respectively. Instead, his or her salary will be frozen or reduced to a rate approximately 1% less than the 1-2 year salary rate of the respective classification. This approved salary will be frozen until the employee meets the requirements to move into the Police Officer II/Fire Private II/Firefighter-Paramedic Classification.

5. PROMOTING/TRANSFERRING INTO A NEW REPRESENTED POSITION

Generally, the salary of any employee promoting/transferring into a new represented classification will be placed at the entry level rate of the classification per the agreed MOU. When an employee's current rate is above the entry rate of the represented classification, the Compensation/Records Administration Service Center may recommend the employee's current rate be frozen or reduced. The approved salary rate will be frozen for a specified period of time. Any exception in salary for entry into a represented classification must be reviewed by City Labor Relations and approved by the Director of Human Resources.

TIMING OF THE PROMOTIONAL INCREASE

Promotional increases are effective the date the employee is placed on payroll in his/her new classification by the Employment Service Center. (Note: This will normally occur at the beginning of a pay period).

ELIGIBILITY FOR GENERAL PAY INCREASE

Promotional employees (non-represented) will be eligible for an approved General Pay Increase which occurs after the date of their promotional increase. Exceptions to this may occur, especially following an unusual employee movement/transfer, when any employee's salary was previously approved to be "frozen".

DEMOTIONS

DEFINITION

A demotion is defined as an employee moving to a classification with a lower grade level than he or she originally held.

When moving from a classification not graded under the City Compensation System to a classification graded under the City Compensation System (such as a crewperson or crafts worker moving to a non-represented technician), it will be considered a demotion if the top rate of the employee's previous classification is above the third quartile (halfway between the midpoint and maximum) of the new classification. (If the employee in his/her new classification directly supervises the work of his/her former classification, refer to Promotions Policy).

AMOUNT OF SALARY REDUCTION

In all cases when a demotion occurs, the employee's salary may be reduced by an amount necessary to maintain internal pay equity as recommended by the Compensation/Records Administration Service Center and approved by the Director of Human Resources. The division director may request a salary adjustment in writing. The requests will be reviewed for potential divisional and citywide pay inequities by the Compensation/Records Administration Service Center prior to approval by the Director of Human Resources or designee.

1. VOLUNTARY DEMOTIONS

If the demotion is due to a request by an employee, the employee's salary will normally be reduced by the greater of either:

(A) Seven (7%) percent

OR

(B) the amount which will reduce the salary to a rate equal to the third quartile of his or her new classification.

2. ADMINISTRATIVE PROBATIONARY PERIOD

In cases where a demotion occurs during the administrative probationary period and the employee returns to his or her previous classification, the employee's salary will normally be reduced to his/her previous salary.

NOTE: Regarding classifications in a Special Market Pay Plan, See Policy 12-1.

In all cases where a demotion occurs, the amount of a salary adjustment may not reduce the employee's salary below the Minimum of the salary range of the classification to which he or she is demoting.

DEMOTIONS (*Continued*)

TIMING OF THE DEMOTIONAL DECREASE

In all cases where a demotion occurs, the salary reduction is effective the date the employee is placed on payroll in his or her new classification.

ELIGIBILITY FOR GENERAL PAY INCREASE

In cases where a demotion occurs, the employee (non-represented) will be eligible for an approved General Pay Increase which occurs after the date of their demotion unless otherwise determined by the Director of Human Resources.

LATERAL TRANSFERS

DEFINITION

A lateral transfer is defined as an employee moving from one classification to another classification within the same grade level.

When moving from a classification not graded under the City Compensation System to a classification graded under the City Compensation System (such as a crewperson or crafts employee moving to a non-represented technician), it will be considered a Lateral Transfer if the top rate or flat single rate of the pay structure of the employee's previous classification is higher than the salary range Midpoint and lower than the third quartile (halfway between the midpoint and maximum) of the new classification.

TIMING OF LATERAL TRANSFER

Lateral Transfers are effective the date the employee is placed on payroll in his or her new classification.

AMOUNT OF SALARY ADJUSTMENT

Generally, a salary adjustment will not accompany a lateral transfer. Should a division director feel extenuating circumstances exist, a salary adjustment may be requested in writing. The request will be reviewed for potential divisional and citywide pay inequities by the Compensation/Records Administration Service Center prior to approval by the Director of Human Resources or designee.

An employee's salary should not exceed the maximum of the salary range for his or her new classification.

NOTE: Regarding classifications in a Special Market Pay Plan, See Policy 12-1.

JOB EVALUATION/JOB REVIEW SALARY ADJUSTMENT

When a job evaluation or job review is conducted to determine the pay grade of a job classification, an incumbent employee who is reclassified to a higher grade level classification shall receive an increase in salary that is in accordance with the following:

The employee will receive the greater of either:

(A) Increase to the Minimum of the salary range of his/her new grade and/or classification

OR

(B) Five percent (5%) increase not to exceed the maximum of the new salary range.

In cases when a job evaluation/job review does not result in a higher grade, but significant additional responsibilities are identified, the Compensation/Records Administration Service Center may recommend a salary adjustment for the incumbent, generally, not in excess of five percent (5%).

In cases when a job evaluation/job review results in a lower grade, a reduction in salary of five percent (5%) or an amount necessary to maintain internal pay equity may be recommended by the Compensation/Records Administration Service Center not to reduce the salary below the Minimum of the salary range.

An evaluation increase should not exceed the Maximum of the salary range of the new classification and/or grade. Exceptions to this policy may be granted with the approval of the Director of Human Resources.

A salary adjustment related to a job evaluation/job review is normally effective the pay period after the job evaluation/job review is approved, unless an exception is approved by the Director of Human Resources. Generally, salary adjustments approved by exception to be retroactive can not extend prior to the beginning of the current fiscal year.

This process also determines the FLSA exemption status of the position and a possible salary adjustment for current incumbent(s) in the job. A job evaluation/job review is based on the job and not the employee, qualifications, seniority, or performance. A job evaluation generally involves employing a position questionnaire and the Hay point factor evaluation method, whereas a job review weighs more heavily the analysis and direct comparison of job classifications.

Job evaluations are not based on the qualifications/seniority of an incumbent in the job. However, if requested by the division director, a salary equity review (based of the qualifications of the incumbent in comparison with other employees in comparable positions) can be conducted simultaneously with the job evaluation or job review (which is based on an increase in the responsibilities of the job classification). In these cases, the salary equity review and its' results are considered separately from any job evaluation or job review increase.

SALARY EQUITY REVIEW ADJUSTMENT

When circumstances have created a potential salary inequity between employees in comparable positions, the Compensation/Records Administration Service will review the potential inequity to ensure that the employees' salaries are commensurate with their overall qualification levels.

When a salary equity review is conducted, the Compensation/Records Administration Service Center will recommend an amount necessary to maintain internal pay equity and compensate employees in comparable positions at a level commensurate with their overall qualification level. This may involve reviewing the difference in salary between employees in jobs within the same job family, but at different levels or between supervisors and subordinates (salary compression) to ensure these salary differences are equitable.

As a general practice, the Compensation/Records Administration Service Center will attempt to maintain a minimum 5% difference in base pay levels between supervisors and their highest paid subordinates directly reporting to them when possible and within approved budgets. NOTE: In these situations, the supervisor should directly supervise and be fully qualified to perform the full scope of duties of the subordinate employee.

A salary equity review adjustment should not exceed the Maximum of the salary range of the new classification and/or grade. Exceptions to this policy may be granted with the approval of the Director of Human Resources.

A salary equity review adjustment is normally effective the pay period after the salary equity review is approved, unless an exception is approved by the Director of Human Resources. Generally, salary adjustments approved by exception to be retroactive can not extend beyond 30 days from approval or prior to the beginning of the current fiscal year whichever is less.

EMPLOYEES IN AN ACTING CAPACITY

POLICY STATEMENT & PURPOSE

An employee who is assigned duties of a higher-graded position on a temporary basis or significant, additional responsibilities relating to a specific, short-term project may qualify to be compensated in the form of acting (out-of-class) pay.

This policy is intended to ensure that acting pay is granted only for the purpose of filling a short-term operational void. Acting pay normally should not be granted to fill a position if it is unoccupied as the result of vacation or bonus day leave, short illness, or similar situation.

CONDITIONS WHEN ACTING PAY MAY BE REQUESTED

1. An employee who is assigned to work in a higher-graded position may be compensated under the following conditions:
 - (A) The position in which the employee is "acting" must to determined by Human Resources to have a higher pay grade and currently be in the division's authorized personnel complement and funded.
 - (B) The position in which the employee is "acting" must be unoccupied either through long-term (two weeks or more) sick leave, other leave of absence, or a vacated position.
 - (C) The employee must perform the "acting" assignment continuously for at least one pay period (except as noted below).
 - (D) A "Change Authorization" form must be submitted by the Division and approved by the Director of Human Resources to document acting pay. Acting (out-of-class) pay may not be entered by the division as "adjustments" through the payroll process (except as noted below).
 - (E) Any request for acting pay must be received by Human Resources within 30 days of the first day of the "acting" assignment with the acting pay to be effective the first day of the acting assignment. No request for Acting Pay will be retroactive prior to 30 days prior to receipt of the initial request by Human Resources.
 - (F) Any acting pay which is approved shall be effective for a period of up to six months. If necessary, a request for an extension may be submitted on a new "Change Authorization" form with justification as to why the extension is necessary. A request for an extension must be submitted at least two pay periods prior to the date the acting pay is due to expire. A "Change Authorization" form must be submitted by the division to cancel the acting pay when the "acting" status ends. Otherwise, the acting pay will end after the approved six month period.

NOTE: In some cases, short-term, intermittent (less than one pay period) acting pay is necessary to maintain operations. This may be requested to be entered as "adjustments" through the payroll process (without a "Change Authorization" form) on a continual, sporadic basis. However, these positions/circumstances must be requested and approved in advance by the Director of Human Resources.

EMPLOYEES IN AN ACTING CAPACITY (*Continued*)

The assignment of additional duties to an employee through reorganization or similar changes may require a job evaluation before falling within the provisions of this policy. In these cases, acting pay, when approved, may be retroactive to the date of request of the job evaluation up to a reasonable time period to be determined by the Director of Human Resources.

2. An employee who is assigned to perform significant, additional duties as part of a specific, short-term project may be compensated. In these cases, conditions (C) through (F) above must be met. This provision would exclude duties that are normally a part of the employee's job or new duties that are being permanently added to the employee's position (in these cases a job evaluation may be warranted).

AMOUNT OF ACTING PAY

When all of the above criteria have been met, a Division Director may recommend the greater of either a seven (7) percent increase or an increase to the minimum of the salary range (or minimum salary level of the pay plan/grade) of the position in which the employee will be "acting". The acting pay, however, may not exceed the salary range maximum of the classification which the "acting" employee assumes.

In cases when an employee is assuming some additional duties of a higher graded position, but not the full scope of responsibilities, and/or in cases when the "acting" employee does not meet the minimum qualifications for the position in which he/she is acting, a lesser acting pay amount may be determined.

NOTE: An acting assignment may not justify acting pay greater than that of the highest paid subordinate of the position in which the employee is acting. These cases will be reviewed by the Compensation Service Center and approved/disapproved by the Director of Human Resources.

FAIR LABOR STANDARDS ACT (FLSA)/OVERTIME

In the event that an employee in a non-exempt position is approved for acting pay, the employee will continue to be treated as non-exempt regardless of the exemption status of the position in which he/she is "acting". The acting pay amount is to be included to determine the employee's regular pay rate for calculating overtime.

EMPLOYEES IN AN ACTING CAPACITY (*Continued*)

Any exception to the above policy requires the written approval of the Director of Human Resources. Should any provisions of this policy be determined to be in conflict with the terms of any effective Memorandum of Understanding, the terms of such Memorandum of Understanding shall be controlling.

RED-CIRCLE RATES

A red-circle rate is any salary rate of an employee which exceeds the Maximum of the salary range for the classification.

Employees' salaries should not exceed the maximum of the range unless there are extenuating circumstances. For example, employees with outstanding qualifications and skills or an extremely high number of years of service, may be allowed to exceed the range with the approval of the Director of Human Resources.

Eligibility for General Salary Increases for those employees over the maximum will be determined by the Director of Human Resources.

GREEN-CIRCLE RATES

A green-circle rate is any salary rate of an employee which is below the Minimum of the salary range for the classification.

Green-circle rates may occur through personnel actions such as: a job reclassification or salary range adjustment. In cases where green-circle rates occur, an employee's salary will be increased to the Minimum of the salary range.

ADJUSTMENTS TO THE SALARY RANGES

The Compensation/Records Administration Service Center will make periodic adjustments to salary ranges after an analysis of any changes in the marketplace and the City's financial position.

In order to maintain internal pay equity and address salary compression issues, changes made to salary ranges may require employee salary adjustments. The amount of any adjustments to employees' salaries will be recommended by the Compensation/Records Administration Service Center and approved by the Director of Human Resources.

SPECIAL MARKET PAY PLANS

A job classification may be assigned to a Special Market Pay Plan for the following reasons.

1. Job classifications that directly supervise a position whose level of pay creates a specific issue of salary compression whereby the supervisory job classification's salary structure must be addressed. In these cases, the salary level of the position being directly supervised may or may not fall within the City's Compensation System (i.e. a position with a negotiated salary structure).
2. The pay structure of job classifications may be influenced by changing job market conditions in highly competitive occupational fields. Compensation will periodically review the job market, job turnover rates, and recruitment issues to determine if a job classification's salary structure must be addressed.

Under these conditions, the Compensation/Records Administration Service Center may recommend that a job classification be assigned to a Special Market Pay Plan.

In cases of internal movement (promotions, demotions, lateral transfers) in to or out of job classifications on a Special Market Pay Plan, the Compensation/Records Administration Service Center will recommend the appropriate salary adjustment (if warranted) to be equitable with salaries of employees in comparable positions.

FAIR LABOR STANDARDS ACT (FLSA) POLICY AND PROCEDURES

I. PURPOSE AND SCOPE

The purpose of this policy is to ensure that all City of Memphis operations are in compliance with the Fair Labor Standards Act (FLSA) and to define specific procedures related to the FLSA and how it applies to all City of Memphis employees' work schedules, pay requirements, etc.

II. POLICY

The FLSA is a federal law that governs the payment of minimum wage, overtime pay, recordkeeping, and other criteria relating to wages and hours of work for employees who are covered by the Act.

The City of Memphis is legally obligated and fully intends to comply with all of the applicable provisions of the FLSA.

The Human Resources Division has the responsibility and sole authority to determine whether an employee's specific classification is EXEMPT or NON-EXEMPT as it relates to the FLSA. The Director of Human Resources or designee will have the final approval of these determinations. Once this determination is made, the FLSA requirements for the payment of overtime apply to all employees who are NON-EXEMPT. The FLSA does not require the payment of any overtime to EXEMPT employees.

For employees represented by a bargaining unit, payroll or overtime pay provisions will be executed in accordance with an applicable Memorandum of Understanding (MOU). The terms of such MOUs may result in wage payments, including overtime, not required by the FLSA. No MOU shall be applied so as to permit payment of wages less than that which is required by the FLSA.

FLSA POLICY AND PROCEDURES (*Continued*)

III. PROCEDURES AND GENERAL INFORMATION

A. Minimum Wage

The City of Memphis will comply with all applicable laws relating to minimum wage rates, as well as the established living wage as approved by the City Council.

B. Overtime Requirements (Non-Exempt Employees)

Non-exempt employees must receive one and one-half (1.5) times their regular rate of pay for all hours worked in excess of 40 hours in the City's standard work week (Saturday through Friday – see Section D Work Week), unless compensatory time is approved (see Section C).

1. General Employees (Excluding Fire Protection and Law Enforcement Employees)

General non-exempt City employees on an eight-hour (8) work schedule are paid their hourly rate of pay for seven and one-half (7.5) hours of work each normal work day and they are paid for a one-half (.5) hour meal period each day. This one-half (.5) hour paid meal period is considered by the City to be "hours worked" for overtime pay purposes. Meal periods of one hour, where allowed, are composed of one-half (.5) hour of paid time and one-half (.5) hour of unpaid time. For employees allowed the one (1) hour meal period, only the one-half (.5) hour paid portion of the meal period is counted as time worked for overtime purposes.

NOTE: The FLSA does not require overtime pay for hours worked in excess of any particular number of hours in a single workday, nor does it require overtime pay for hours worked on Saturdays, Sundays or holidays. The FLSA does not require one and one-half (1.5) overtime pay for hours not worked over 40 hours in a work week, such as vacation, sick leave, etc.

On a weekly basis, actual hours worked (including the paid meal time) are totaled and non-exempt employees are to be paid at the rate of one and one-half (1.5) times their regular rate of pay for actual hours worked in excess of forty (40) hours for that work week.

FLSA POLICY AND PROCEDURES (*Continued*)

For example, if in a workweek, an employee works 42 hours (to include the one-half (.5) hour meal period each day), the employee is due 40 hours at his or her regular rate and 2 hours at one and one-half (1.5) times that regular rate.

If in a workweek, an employee works 34 hours (to include the one-half (.5) hour meal period each day) and takes 8 hours of leave (vacation, sick, etc.), the employee is due all 42 hours at his or her regular rate and no time at one and one-half (1.5) times that regular rate.

If in a workweek, an employee works 40 hours (to include the one-half (.5) hour meal period each day) and an 8-hour holiday occurs during the work week, the employee is due all 48 hours at his or her regular rate and no time at one and one-half (1.5) times that regular rate. NOTE: For an employee whose employment is covered by a recognized Memorandum of Understanding (MOU), the language of the MOU shall be controlling.

2. Four-Day Work Week

In cases where a four-day work week is allowed and approved by management, general non-exempt City employees on a ten-hour (10) work schedule are paid their hourly rate of pay for nine and one-half (9.5) hours of work each normal work day and they are paid for a one-half (.5) hour meal period each day. This one-half (.5) hour paid meal period is considered by the City to be "hours worked" for overtime pay purposes. Meal periods of one hour, where allowed, are composed of one-half (.5) hour of paid time and one-half (.5) hour of unpaid time. For employees allowed the one (1) hour meal period, only the one-half (.5) hour paid portion of the meal period is counted as time worked for overtime purposes.

3. Fire Protection and Police Law Enforcement Employees

Special overtime provisions of the FLSA (Section 7(k)) apply to only specific non-exempt employees of the Fire Services Division and the Police Services Division as follows:

FLSA POLICY AND PROCEDURES (Continued)

- (a) Fire Services Division - Non-exempt employees who work in fire protection positions may be paid overtime at the rate of one and one-half (1.5) their regular rate of pay for actual hours worked in excess of two hundred and twelve (212) hours in a work period of twenty-eight (28) days.
- (b) Police Services Division - Non-exempt employees who work in law enforcement positions may be paid overtime at the rate of one and one-half (1.5) their regular rate of pay for actual hours worked in excess of forty-three (43) hours in a work week.

C. Compensatory Time

- 1. General Non-Exempt Employees (Excluding Fire Protection and Law Enforcement Non-exempt Employees)

When a non-exempt employee earns compensatory time, the time must be taken within the same pay period in which it was earned. Compensatory time may not be accrued. If it becomes necessary to carry compensatory time past the pay period in which it was earned, the request, with justification, must be submitted to the Director Human Resources for approval in advance. If approved, the Division must make arrangements for the employee to take the time off within 30 calendar days.

- 2. Fire Protection and Police Law Enforcement Non-Exempt Employees

The FLSA permits and the City authorizes fire protection and law enforcement non-exempt employees to accumulate compensatory time in lieu of overtime, with the following restrictions:

- (a) "Compensatory time off" must be accumulated at the rate of one and one-half (1.5) hours accumulated for each hour of work.
- (b) Accumulated compensatory time may not exceed 480 hours (representing not more than 320 hours of actual overtime work). Employees, with management's approval, must be allowed reasonable opportunities to use accumulated compensatory time.

FLSA POLICY AND PROCEDURES (Continued)

3. Exempt Employees

Employees classified as exempt cannot earn or accrue compensatory time for hours worked over 40 in a work week.

D. Work Week

For pay purposes, the City's work week is a seven (7) day period which starts on Saturday (12:01 am) and ends on Friday (midnight).

For overtime pay purposes, each work week stands alone. The actual hours worked in the two work weeks of one pay period can not be combined or averaged in order to reduce a liability for overtime pay, unless compensatory time is approved (see Section C).

E. Regular Rate

An employee's "regular rate of pay" for overtime pay purposes is the employee's recorded hourly rate of pay including any amounts (such as shift premium pay) paid as remuneration for employment paid to, or on behalf of, the employee, with the exception of specific statutory exclusions (per FLSA Section 7(e)).

F. Recordkeeping

Under the FLSA, employers are required to keep payroll records and records of hours worked for their covered employees. The Act does not require any particular form for the records, it merely requires that the records include certain identifying information about the employees, the hours they worked, and the wages earned. The basic information that an employer must record includes the following:

1. Identifying Information

- (a) Employee's full name and social security number
- (b) Address, including zip code
- (c) Birth date, if younger than nineteen years old
- (d) Sex
- (e) Occupation in which employed

FLSA POLICY AND PROCEDURES (Continued)

2. Hours
 - (a) Time of day and day of week when employee's workweek begins
 - (b) Total hours worked each day
 - (c) Total hours worked each work week

3. Wages
 - (a) Basis on which employee's wages are paid (i.e. per hour)
 - (b) Regular hourly pay rate for any week when overtime is worked
 - (c) Amount and nature of any payment excluded from their regular rate
 - (d) Total daily or weekly straight time earnings
 - (e) Total overtime earnings for the work week
 - (f) All additions to or deductions from the employee's wages for each pay period
 - (g) Total wages paid each pay period
 - (h) Date of payment and the pay period covered by the payment

G. Daily Time Sheet

All non-exempt employees must sign in and out on a daily time sheet. Generally, a daily time sheet should include, at minimum, the date, time in, time of any breaks from work, time out, and total hours worked per day. See attached Sample Employee Daily Time Sheet (Exhibit 1).

A record of hours worked, daily and weekly, must be retained for a period of three (3) years.

H. Multiple Jobs and Dual Employment

Non-exempt employees holding full-time jobs in one job classification may work part-time occasionally or sporadically in “a different capacity/general occupational category” within the City without combining the hours of the two jobs for overtime liability under FLSA. Examples of occasional or sporadic work would include selling/taking tickets at special events or officiating/scorekeeping for seasonal athletic leagues. However, employees cannot hold two (2) jobs of the same classification or perform work in a similar category unless their hours are combined for overtime pay purposes. Whether an employee’s job classifications constitute two “different capacities/general occupational categories” will be determined by the Compensation/Records Administration Service Center. In all cases, an employee working more than one (1) job for the City must be approved in advance by the Director of Human Resources.

FLSA POLICY AND PROCEDURES (*Continued*)

I. Exempt Employees

Employees classified as exempt cannot earn overtime pay (or compensatory time) for hours worked over 40 in a work week.

Any exceptions to this must be requested in writing and approved by the Director of Human Resources. An exempt employee's regular salary rate will not be reduced based on quantity of work except where explicitly allowed under the FLSA.

IV. FLSA EXEMPTIONS

It is the responsibility of the Compensation/Records Administration Service Center, Division of Human Resources, to classify all City positions as either exempt or non-exempt from overtime.

The FLSA specifically exempts certain employees from the minimum wage and overtime pay requirement. The most common exemptions include bona fide executive, administrative, and professional employees. Whether the employees are exempt depends on (1) their duties and responsibilities, and (2) the salary paid. The employee's title does not make the employee exempt, nor is the employee exempt simply because payment is on a salary rather than hourly basis. Rather, the employee must meet the tests set forth by the FLSA. The amount of salary, standing alone, is never sufficient to establish exempt status.

A. Appeals

An employee may appeal the FLSA exemption status of his/her job classification to the Director of Human Resources. Appeals must be in writing and whenever possible submitted through the employee's immediate supervisor and Division Director.

V. JOB CLASSIFICATION CODE

The Human Resources Division maintains a listing of positions showing their Job Classification Code (JCC) and exemption status.

Division representatives may obtain information concerning jobs within their division by contacting the Compensation/Records Administration Service Center.

FLSA POLICY AND PROCEDURES (*Continued*)

VI. POLICY EXEPTIONS

Any payment of overtime or straight time for hours worked in excess of 40 to EXEMPT employees will be handled on an exception basis. Justification by the requesting division must be submitted in advance to the Human Resources Division and approved by the Director of Human Resources before payment will be authorized.

VII. RESPONSIBILITY

Divisions must ensure that uniform procedures are followed by payroll personnel in the computation and payment of overtime in compliance with this policy.

It is the responsibility of each Division Director to be aware of the exemption status of all positions in their division and to administer the provisions of this policy fairly and accurately.

- A. Division management should continuously monitor the duties performed by all division employees for possible changes in FLSA exemption status. For example, the FLSA exemption status of the job may be affected if any of the following changes:
- a. The employee's primary duty of managing a service center or department of the division.
 - b. The employee customarily and regularly directing the work of two or more full-time employees.
 - c. The employee's involvement in decisions relating to hiring, firing, advancement, promotion, or other change of status of other employees.
 - d. The employee's primary duty of performing office/non-manual work directly related to management or general business operations.
 - e. The employee's primary duty of exercising discretion and independent judgment with respect to matters of significance.
 - f. The employee's primary duty of the performance of work requiring advanced knowledge which is predominantly intellectual in character and includes the consistent exercise of discretion and judgment.

If changes in any of the above areas occur, the Division Director must notify the Compensation/Records Administration Service Center.

Questions pertaining to this policy or the exemption status of any position or employee may be directed to the Compensation/Records Administration Service Center, Division of Human Resources.

DEFINITIONS

ABOVE ENTRY SALARY REVIEW

A review of the a salary level higher than the normal entry rate for either a new hire or promotional applicant conducted in by the Compensation staff and approved by the Director of Human Resources. Generally requested by or with approval of a hiring division director, these reviews consider the overall qualification level of the applicant and pay equity with the salary levels of current employees in comparable classifications both within the division and citywide.

CLASSIFICATION JOB DESCRIPTION

The official City job description for a classification maintained with required approvals in the Compensation/Records Administration Service Center to include essential job functions, FLSA exemption status, and minimum qualification such as minimum education and experience levels.

DEMOTION

The movement of an employee to a lower graded classification.

GREEN-CIRCLE

A salary rate which is below the Minimum of the Salary Range.

JOB EVALUATION/JOB REVIEW

A process which determines the relative value of a job classification in terms of pay grade. This process also determines the FLSA exemption status of the position and a possible salary adjustment for current incumbent(s) in the job. A job evaluation/job review is based on the job and not the employee, qualifications, seniority, or performance. A job evaluation generally involves employing a position questionnaire and the Hay point factor evaluation method, whereas a job review weighs more heavily the analysis and direct comparison of job classifications.

LATERAL TRANSFER

The movement of an employee to another classification within the same grade level.

MAXIMUM

The highest salary figure within a salary range.

MIDPOINT

The salary midway between the lower and upper limits of a Salary Range.

MINIMUM

The lowest salary figure within a salary range.

DEFINITIONS (*Continued*)

PROBATIONARY PERIOD

Initial - The period of time immediately following a civil service employee's date of hire in which his or her performance is closely monitored to determine whether the employee will be retained. (This period of time may be six months or twelve months depending on the classification).

Administrative - The period of time immediately following a civil service employee's promotion, lateral transfer, demotion, or disciplinary action in which his or her performance is closely monitored to determine whether the employee will be retained in the job or whether other personnel actions will be taken. (This period of time may be six months or twelve months depending on the classification).

PROMOTION

The movement of an employee to a higher graded classification.

RED-CIRCLE

A salary rate which exceeds the Maximum of the Salary Range.

SALARY COMPRESSION

The issue of maintaining pay equity in the difference in salary or between supervisors and subordinates or between employees in jobs within the same job family, but at different levels.

SALARY EQUITY REVIEW

A review conducted to analyze the overall qualification levels of employees in comparable positions and to recommend salary adjustments, if needed, to ensure that the employees' salaries are commensurate with their overall qualification levels and address any potential salary inequities.

SPECIAL MARKET PAY PLANS

Pay plans covering specific groups of classifications which are subject to the effects of salary compression or are in a highly competitive job market which inflates the market value beyond the regular salary ranges as determined by the Compensation/Records Administration Service Center.

SALARY RANGE

The range of pay for a job from the Minimum to the Maximum pay rate.

THIRD QUARTILE

The salary midway between the Midpoint and Maximum of a salary range.

Exhibit 1

SAMPLE EMPLOYEE DAILY TIMESHEET

Employee Name _____ Division/Svc Ctr Name _____

Employee Number _____ Organization Number _____

| | Date | Time In | Lunch | | Time Out | Hours For Day | Remarks (Leave Taken, etc.) |
|------------------------|------|---------|---------|----------|----------|---------------|-----------------------------|
| | | | Time In | Time Out | | | |
| Saturday | | | | | | | |
| Sunday | | | | | | | |
| Monday | | | | | | | |
| Tuesday | | | | | | | |
| Wednesday | | | | | | | |
| Thursday | | | | | | | |
| Friday | | | | | | | |
| Total Hours for Week | | | | | | | |
| Hours at Straight Time | | | | | | | |
| Hours at Time and 1/2 | | | | | | | |

Supervisor Approval _____

Manager Approval _____