

# COMPENSATION POLICY MANUAL



CITY OF MEMPHIS  
HUMAN RESOURCES DIVISION

COMPENSATION SERVICE  
CENTER

July 1, 2025

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## ADMINISTRATIVE POLICY

### City of Memphis

This manual communicates administrative policies, approved by the Chief of Human Resources or designee, related to the City of Memphis Compensation function.

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

If any language in this policy conflicts with any recognized Memorandum of Understanding (MOU) between the City of Memphis and an employee bargaining unit, the MOU prevails. Therefore, if there is conflicting language, it applies primarily to non-represented employees of the City of Memphis. Both this policy and MOUs, referenced above, are subject to sufficient funding approval by the City Council. Further, it is the responsibility of the impacted City Division to manage the funding in its 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 Manager and any additions, deletions, changes, or clarifications will be recommended to the Chief of Human Resources or designee who may make revisions to this policy as needed.

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

## **SECTION 1: Compensation Policies**

### **NEW HIRES**

#### **ENTRY-LEVEL APPLICANTS**

The entry-level salary is considered to be an internally equitable and externally competitive wage for a new employee who meets the minimum qualifications required in the approved classification job description. The base salary range 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 as stated in the approved classification job description, may be hired at a rate above the minimum base salary. In general, starting salaries for new employees with superior job-related qualifications may approach, but not exceed, the midpoint of the classification's salary range. Requests for wages above the minimum base salary (Above Entry Salary Review requests) must be submitted in writing by the requesting Division Director. The requests will be reviewed for potential divisional and citywide pay inequities by the Compensation Manager prior to approval by the Chief of Human Resources or designee.

#### **INTERNAL PAY EQUITY/SALARY COMPRESSION**

Internal pay equity/salary compression issues may warrant wages above the minimum base salary to maintain an internally equitable pay structure particularly as it relates to supervisory classifications. Should the Division Director identify any potential internal pay equity/salary compression issues, they should notify the Compensation Manager to assist in a salary review.

#### **ELIGIBILITY FOR GENERAL PAY INCREASE**

New employees (non-represented) who 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. Since 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 1. A General Pay Increase is approved to be effective July 1. Since **Jill** has not completed her initial six months of employment, she is not eligible for the July 1 increase. However, if the General Pay Increase were effective after August 1, **Jill** would be eligible since her six-month probationary period will have ended.

## PROMOTIONS

### DEFINITION

A promotion is when an employee moves to a classification with a higher grade level than previously held.

When an employee moves to a classification that is graded under the City Compensation System, (Ex: a crewperson or crafts worker becomes a foreman or supervisor), it is considered to be a promotion if the top pay rate of the employee's previous classification is less than the midpoint of the salary range of the new classification or if the employee will now directly supervise work performed in their former classification.

### AMOUNT OF PROMOTIONAL INCREASE

#### 1. NORMAL PROMOTIONAL INCREASE

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

- (A) A 7 percent promotional increase, but not to exceed the salary range maximum of the new classification.

OR

- (B) Promotional increase to the minimum salary range of the 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, which are included in the approved classification job description, may be hired at a rate above the normal promotional increase. In general, 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 base salary for the position (Above Entry Salary Review requests) must be submitted in writing by the requesting Division Director. The requests will be reviewed for potential divisional and citywide pay inequities by the Compensation Manager prior to approval by the Chief of Human Resources or designee.

## **PROMOTIONS *(Continued)***

### 3. INTERNAL PAY EQUITY/SALARY COMPRESSION

Internal pay equity/salary compression issues may warrant pay above the minimum base salary to maintain an internally equitable pay structure especially as it relates to supervisory classifications. Should the Division Director identify any potential internal pay equity/salary compression issues, they should notify the Compensation Manager to assist in a salary review.

### 4. PROMOTION/TRANSFER TO POLICE AND FIRE ENTRY POSITIONS

Employees who are promoted or transferred into entry-level positions of Police Recruit/Fire Recruit/Firefighter-Paramedic (Probationary) will not be paid at or above the 1- to 2-year salary rate of a Police Officer II/Fire Private II/Firefighter-Paramedic respectively. Instead, their salary will be frozen or reduced to a rate approximately 1 percent less than the 1- to 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. PROMOTION/TRANSFER INTO NEW REPRESENTED POSITION

Generally, the salary of any employee promoted or transferred into a new represented classification will be placed at the classification's entry-level rate per the agreed MOU. When an employee's current rate is above the entry rate of the represented classification, the Compensation Manager 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 Chief of Human Resources or designee.

## **TIMING OF THE PROMOTIONAL INCREASE**

Promotional increases are effective the date the employee is placed on payroll in their new classification by the Employment Service Center. (Note: This typically occurs 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 may occur, for example, following an unusual employee movement/transfer, when an 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 they originally held.

When moving from a classification not graded under the City Compensation System to a classification graded under the City Compensation System (Ex: A crewperson or crafts worker who moves to a non-represented technician position), 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. (Refer to Promotions Policy if the employee in their new classification directly supervises the work of those in the employee's former classification.)

### 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 Manager and approved by the Chief of Human Resources or designee. 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 Manager prior to approval by the Chief 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) 7 percent

OR

(B) Amount that reduces the salary to a rate equal to the third quartile of their new classification.

#### 2. ADMINISTRATIVE PROBATIONARY PERIOD

In cases where a demotion occurs during the administrative probationary period and the employee returns to their previous classification, the employee's salary will typically be reduced to their previous salary.

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

When a demotion occurs, the amount of a salary adjustment may not reduce the employee's salary below the minimum base salary of that job classification.

**DEMOTIONS *(Continued)*****TIMING OF DEMOTIONAL DECREASE**

When a demotion occurs, the salary reduction is effective the date the employee is placed on payroll in their new classification.

**ELIGIBILITY FOR GENERAL PAY INCREASE**

A demoted employee (non-represented) will be eligible for an approved General Pay Increase after the date of their demotion unless otherwise determined by the Chief of Human Resources or designee.

## **LATERAL TRANSFERS**

### **DEFINITION**

A lateral transfer is defined as an employee moving from one classification to another in 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 worker moving to a non-represented technician position), 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 a 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 Manager prior to approval by the Chief of Human Resources or designee.

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

NOTE: For 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.

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) A 5 percent 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 Manager may recommend a salary adjustment for the employee, generally, not in excess of 5 percent.

In cases when a job evaluation/job review results in a lower grade, a reduction in salary of 5 percent or an amount necessary to maintain internal pay equity may be recommended by the Compensation Manager. The reduction should not be below the minimum base salary for the position.

An evaluation increase should not exceed the maximum base salary of the new classification and/or grade. Exceptions to this policy may be granted with approval by the Chief of Human Resources or designee.

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 Chief of Human Resources or designee. Generally, salary adjustments approved by exception to be retroactive cannot 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 Job Evaluation method, whereas a job review weighs more heavily on the analysis and direct comparison of job classifications.

Job evaluations are not based on the qualifications/seniority of the current employee in the position. However, if requested by the Division Director, a salary equity review (based of the qualifications of the current employee 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 Manager 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 Manager 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 Manager will attempt to maintain a minimum 5 percent 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 Chief of Human Resources or designee.

A salary equity review adjustment is normally effective the following pay period after the salary equity review is approved, unless an exception is approved by the Chief of Human Resources or designee. Generally, salary adjustments approved by exception to be retroactive cannot 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 AND PURPOSE

An employee who is assigned duties of a higher-graded position on a temporary basis or given significant, additional responsibilities relating to a specific, short-term project may qualify to be compensated with 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 is typically not granted to fill a position that is unoccupied because of vacation or bonus day leave, a 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) Human Resources determines that the "acting" position is in a higher pay grade, currently in the division's authorized personnel complement, and the position is funded.
  - (B) The "acting" position is 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 Chief of Human Resources or designee to document acting pay. Acting pay may not be entered by the division as "adjustments" through the payroll process (except as noted below).
  - (E) For acting pay to be effective on the first day of the acting assignment, a request for pay must be received by Human Resources within the first 30 days of the assignment. No request for acting pay will be retroactive prior to 30 days receipt of the initial request to Human Resources.
  - (F) Any approved acting pay 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.

**NOTE: Any employee receiving acting pay will only be eligible to receive it for two consecutive terms (up to six months per term) for the same position. Any exception must first be submitted in writing two pay periods prior to the date the acting pay is due to expire with reasonable justification as to why further acting pay is necessary for the person or the position. It must then be approved by the Division Director and the Chief of Human Resources or designee.**

- (G) A "Change Authorization" form must be submitted by the division to cancel the acting pay when the "acting" status ends or if the employee is hired into the position.

### **EMPLOYEES IN AN ACTING CAPACITY (*Continued*)**

- (H) All acting pay "Change Authorization" forms must include a start and end date for the acting pay except for pre-established positions that were preapproved by Compensation. The "Change Authorization" form must also include the position number for the vacated or acting position.

**(Example: Director, Community Ctr 151010.00001)**

- (I) 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 Chief of Human Resources or designee.
- (J) 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 Chief of Human Resources.
- (K) 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 (K) 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 such cases, a job evaluation may be warranted.

### **AMOUNT OF ACTING PAY**

When all the above criteria have been met, a Division Director may recommend the greater of either a 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." However, the acting pay may not exceed the salary range maximum of the classification that 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 that position, 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 that position. These cases will be reviewed by the Compensation Manager and approved/disapproved by the Chief of Human Resources or designee.

**FAIR LABOR STANDARDS ACT (FLSA)/OVERTIME REGARDING ACTING PAY**

In the event that an employee in a nonexempt position is approved for acting pay, the employee will continue to be treated as nonexempt regardless of the exemption status of the position in which they are "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**

Any exception to the above policy requires the written approval of the Chief of Human Resources or designee. Should any provisions of this policy be determined to conflict with the terms of any effective Memorandum of Understanding, the terms of such Memorandum of Understanding prevail.

## **BILINGUAL PAY DIFFERENTIAL**

### **PURPOSE**

An employee who demonstrates proficiency in speaking, reading, listening, and writing in a language or languages other than English may qualify to be compensated with bilingual pay. Employees may not receive the bilingual pay differential for more than one language. American Sign Language (ASL) may also be considered as a non-English language.

This policy is intended to ensure that bilingual pay is granted only for the purpose of filling an operational need.

Bilingual pay is typically not granted to someone in a position that does not require the services of a language interpreter.

### **CONDITIONS WHEN BILINGUAL PAY MAY BE REQUESTED**

An employee who is assigned to work in a bilingual, non-English speaking capacity may be compensated under the following conditions:

- (A) Division Director determines the languages, for which there is a substantial need in the community for an employee to work as a translator in a non-English language capacity. Based on their budgetary constraints, the division will determine the maximum number of employees to test and pay bilingual pay to. The cost to conduct the language proficiency assessment is charged to the division.
- (B) Division Director or designee must submit a formal request to Chief of Human Resources or designee for approval to test and compensate employees they deem eligible for the bilingual pay differential. The request form is located on the Compensation page found on the Total Rewards website.
- (C) A "Change Authorization" form must be submitted by the division and approved by the Chief of Human Resources or designee to document bilingual pay. Bilingual pay may not be entered by the division as "adjustments" through the payroll process.
- (D) For bilingual pay to be effective on the first day of the bilingual assignment, a request for pay must be received by Human Resources within the first 30 days of the assignment. No request for bilingual pay will be retroactive prior to 30 days receipt of the initial request to Human Resources.
- (E) Any approved bilingual pay shall be effective for a period of up to one year. If necessary, requests for extension should 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 bilingual pay is due to expire.
- (F) A "Change Authorization" form must be submitted by the division to cancel the bilingual pay when the bilingual assignment ends or if the employee's job responsibilities change or is hired into a new position. The division is responsible to ensure cancellation of the bilingual pay for the employee in those instances. Otherwise, the bilingual pay differential will end after the approved twelve-month period.
- (G) All bilingual pay "Change Authorization" forms must include a start and end date for the bilingual pay.

**AMOUNT OF BILINGUAL PAY**

When all the above criteria have been met, the additional compensation will be added to the employee's base salary as follows:

Annually \$900.12

Monthly \$ 75.01

Bi-weekly \$ 34.62

Hourly \$ 0.4328

**EMPLOYEES APPROVED FOR BILINGUAL PAY**

Any exception to the above policy requires the written approval of the Chief of Human Resources or designee.

Bilingual pay eligibility shall continue in accordance with the above provisions during any period of leave with pay that does not exceed more than 30 days.

**GRIEVANCES AND APPEALS**

(A) We understand that misunderstandings or disputes may arise regarding the bilingual pay differential. In such cases, employees who believe they meet the eligibility criteria but have been denied the pay differential may file a grievance through our established grievance procedure.

(B) Similarly, appeals regarding the denial, adjustment, or termination of the pay differential may be submitted through our established appeals process.

## **RED-CIRCLE RATES**

A red-circle rate is any salary that exceeds the maximum salary in the 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 Compensation Manager and Chief of Human Resources or designee.

Eligibility for General Salary Increases for those employees over the maximum will be determined by the Compensation Manager and Chief of Human Resources or designee.

## **GREEN-CIRCLE RATES**

A green-circle rate is any salary rate of an employee that is below the minimum amount in 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.

(Note: Exceptions to this policy must be submitted in writing to Compensation Manager and approved by the Chief of Human Resources or designee.)

## **ADJUSTMENTS TO THE SALARY RANGES**

The Compensation Manager 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 Manager and approved by the Chief of Human Resources or designee.

## 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 Manager may recommend that a job classification be assigned to a Special Market Pay Plan.

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

## **SECTION 2: Fair Labor Standards Act (FLSA) Policy**

### **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 NONEXEMPT as it relates to the FLSA. The Chief 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 NONEXEMPT. 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 what 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.

#### (13) Overtime Requirements (Nonexempt Employees)

Nonexempt employees must receive 1.5 times their regular rate of pay for all hours worked in excess of 40 hours in the City's standard workweek (Saturday through Friday - see Section D: Workweek), unless compensatory time is approved. (See Section C.)

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

General nonexempt City employees on an eight-hour work schedule are paid their hourly rate of pay for 7.5 hours of work each normal workday and they are paid for a half-hour meal period each day. This half-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 a half-hour of paid time and a half-hour of unpaid time. For employees who are allowed the one-hour meal period, only the half-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 1.5 times overtime pay for hours not worked over 40 hours in a workweek, such as vacation, sick leave, etc.

On a weekly basis, actual hours worked (including the paid mealtime) are totaled and nonexempt employees are to be paid at the rate of 1.5 times their regular rate of pay for actual hours worked in excess of 40 hours for that workweek.

**FLSA POLICY AND PROCEDURES** *(Continued)*

For example, if in a workweek, an employee works 42 hours, including the half-hour meal period each day, the employee is due 40 hours at their regular rate and 2 hours at 1.5 times that regular rate.

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

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

2. Four-Day Workweek

In cases where a four-day workweek is allowed and approved by management, general nonexempt City employees on a 10-hour work schedule are paid their hourly rate of pay for 9.5 hours of work each normal workday, and they are paid for a half-hour meal period each day. This half-hour paid meal period is considered by the City to be "hours worked" for overtime pay purposes. Meal periods of 1 hour, where allowed, are composed of a half-hour of paid time and a half-hour of unpaid time. For employees allowed the 1-hour meal period, only the half-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 nonexempt employees of the Fire Services Division and the Police Services Division as follows:

## FLSA POLICY AND PROCEDURES *(Continued)*

- (a) Fire Services Division-Nonexempt employees who work in fire protection positions may be paid overtime at the rate of 1.5 times their regular rate of pay for actual hours worked in excess of 212 hours in a work period of 28 days.
- (b) Police Services Division-Nonexempt employees who work in law enforcement positions may be paid overtime at the rate of 1.5 times their regular rate of pay for actual hours worked in excess of 43 hours in a workweek.

### (C) Compensatory Time

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

When a nonexempt 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 Chief of Human Resources or designee 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 Nonexempt Employees

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

- (a) "Compensatory time off" must be accumulated at the rate of 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 workweek.

#### (D) Workweek

For pay purposes, the City's workweek is a seven-day period that starts on Saturday (12:01 a.m.) and ends on Friday (midnight).

For overtime pay purposes, each workweek stands alone. The actual hours worked in the two workweeks of one pay period cannot 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 19 years old
  - (d) Sex
  - (e) Employment occupation

## 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 workweek
  
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 Timesheet

All nonexempt employees must sign in and out on a daily timesheet. Generally, a daily timesheet 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 Timesheet below.) A record of hours worked, daily and weekly must be retained for a period of three years.

### (H) Multiple Jobs and Dual Employment

Nonexempt 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 includes selling/taking tickets at special events or officiating/scorekeeping for seasonal athletic leagues. However, employees cannot hold two 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 Manager. In all cases, an employee working more than one job for the City must be approved in advance by the Chief of Human Resources or designee.

## **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 workweek.

Any exceptions to this must be requested in writing and approved by the Chief of Human Resources or designee. 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 Manager, Division of Human Resources, to classify all City positions as either exempt or nonexempt 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 their duties and responsibilities and 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 Chief of Human Resources or designee. 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 Job Classification Codes (JCC) and exemption status.

Division representatives may obtain information concerning jobs within their division by contacting the Compensation Manager.

## 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 Chief of Human Resources or designee 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.
  - £ 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 Manager.

Questions pertaining to this policy or the exemption status of any position or employee may be directed to the Compensation Manager, Division of Human Resources.

## **DEFINITIONS**

### **ABOVE ENTRY SALARY REVIEW**

A review of a salary level that is higher than the normal entry rate for either a new hire or promotional applicant conducted by the Compensation staff and approved by the Chief of Human Resources or designee. 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 by the Compensation Manager 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 that is below the minimum figure in the salary range.

### **JOB EVALUATION/JOB REVIEW**

A process that 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 on 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 their performance is closely monitored to determine whether the employee will be retained. (This period of time may be 6 or 12 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 their 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 6 or 12 months depending on the classification).

### **PROMOTION**

The movement of an employee to a higher-graded classification.

### **RED-CIRCLE**

A salary rate that exceeds the maximum amount in 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 employee 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 that are subject to the effects of salary compression or are in a highly competitive job market that inflates the market value beyond the regular salary ranges as determined by the Compensation Manager.

### **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 1.5 Time      |      |         |         |          |          |               |                             |

Supervisor Approval \_\_\_\_\_

Manager Approval \_\_\_\_\_

*(Note: This is not an official document.)*