



# Compensatory Time for FLSA Exempt Positions Policy

Policy Number: PP 3-3

Effective Date: January 20, 2017

Approved By: Roger L. Stancil, Town Manager

## POLICY

Although not required, the Town of Chapel Hill allows employees in positions designated as exempt by the Fair Labor Standards Act (FLSA) to accrue compensatory time when they work hours in excess of the scheduled work period for their position. This accrual is allowed only as specifically set out in this policy and procedure. Department Heads, the Town Attorney, and Assistant, Deputy, or Town Managers do not accrue compensatory time.

## PURPOSE

The Town of Chapel Hill recognizes the importance of an employee's ability to balance their work-life responsibilities. The Town also has an operational interest in serving the Town's residents and customers.

There are occasional situations that may require an exempt employee to work additional hours beyond a normal work schedule. In these circumstances, and in accordance with the Town values of Responsibility, Equity, and Communication, the Town encourages proactive planning and on-going communication about using compensatory time to compensate employees for their additional work.

Outside of special circumstances, the Town of Chapel Hill expects employees to complete their work during normal work hours. Department Heads, supervisors, and employees are expected to address situations where regular job expectations are not met during a normal work schedule.

## R.E.S.P.E.C.T. VALUES



**Equity:** Although we may hold different roles in the organization, we all work toward the common goal of serving the Town and the Town's residents and customers. Therefore, we seek and support policies and actions that are administered consistently and fairly to everyone regardless of rank, tenure or personal background.



**Responsibility:** We acknowledge that our duties impact the jobs of many other employees. We take ownership over our roles within the organization as a way to demonstrate our consideration for the time and efforts of our fellow employees as well as pride in our own work.

R.E.S.P.E.C.T.  
VALUES  
CONT.



**Communication:** We take part in constructive dialogues and set clear goals and expectations so we may better understand our roles in the workplace. Our organizational values serve as a common language when discussing each other's decisions and actions.

APPROVAL

Roger L. Stancil, Town Manager

A handwritten signature in blue ink, appearing to read "R. Stancil", written over a faint circular stamp.



# Compensatory Time Procedures for Exempt Employees

Policy Number: PP 3-3

Effective Date: January 20, 2017

Approved By: Cliff Turner, Human Resources Development Director

## PROCEDURES

**These procedures are issued by the Director of Human Resource Development to implement the Compensatory Time Policy PP 3-3 , issued by the Chapel Hill Town Manager. These procedures may be periodically updated.**

A. Circumstances Eligible for Compensatory Time: Employees in FLSA-exempt positions may be requested or required to work in excess of their scheduled work hours.

1. Examples: The following are examples of work situations which may require an employee to work additional hours beyond a regular schedule. This list is neither exhaustive nor prescriptive. It is intended to provide guidance to departments and employees. It does not imply that these activities are automatically eligible compensatory time, or that other situations that are absent from this list are not eligible. Departments approve compensatory time when situations arise in order to meet departmental needs.

- a) Emergencies
- b) After hours meetings
- c) Special events
- d) Staffing shortage
- e) Special projects
- f) Last minute assignments requiring short turnaround time
- g) Customer service needs that arise at the end of a shift or close of business
- h) Field monitoring of programs or services.
- i) Employee relations issues arising at the end of shift

B. Circumstances Not Eligible for Compensatory Time:

1. Other Activities: Unless specifically required by the job description, or requested by a supervisor, the following types of activities are not eligible to be compensated by compensatory time:

- a) Briefly Checking or Responding to Work Email While Off Duty. An employee who must frequently spend time to monitor email or to complete their regularly assigned tasks outside of their scheduled hours should alert their supervisor and obtain supervisor approval before working the additional hours.
- b) Voluntarily Attending Town Functions While Off Duty.

C. Approval for Compensatory Time:

1. Authorization: In order to be accumulated and taken off as compensatory time, the work must be authorized by the Department Head or direct supervisor. Compensatory time should be approved before it is accrued, except in rare circumstances, such as emergencies.
2. Signed Time Sheet signifies Approval: Compensatory time that is clearly documented on a time sheet that has been signed by a supervisor shall be considered approved compensatory time.
3. Unauthorized Hours: Working unapproved additional hours is considered a job performance issue and is addressed through the Town's performance management and disciplinary processes.
4. Departmental Responsibilities: compensatory time. Departments should determine who may authorize Departments must maintain backup records of compensatory time approvals, accruals, and usage. Departments may develop approval and recordkeeping processes specific to their departmental needs and management structure. The Payroll staff in Business Management will assist departments in developing these processes, upon request.

D. Compensatory Time Accrual:

1. Accrual Increments: Compensatory time accrues in fifteen minute, or quarter hour increments on an hour for hour basis for time actually worked beyond the work schedule. Compensatory time is earned when hours actually worked in the work period exceed the expected work schedule. For example, a 40 hour exempt employee will earn compensatory time if they perform work in excess of 40 hours in the 7 day work week period. They do not earn compensatory time based on a daily total of hours worked, nor do they earn compensatory time on any leave hours they may use during the work week.
2. Working on a Holiday: Accruals for working on a holiday are covered in the Town's Holiday Policy.

E. Maximum Balance Limits: The maximum compensatory time balance limit is two workweek equivalents as follows:

Type of Exempt Employee	Maximum Balance Limit
37.5 hour	75
40 hour	80
42 hour	84
56 hour	112

Compensatory time stops accruing once these limits are reached and will not resume until the balance falls below these limits. Additional hours worked while an employee's compensatory time account balance is at the maximum are "lost" to the employee and will not be added back retroactively. Accruals resume again only after the balance falls below the maximum limits.

F. Compensatory Time Use:

1. Not Guaranteed: Compensatory time may be taken off with the approval of the supervisor, subject to the operational needs of the department. The Town has no obligation to allow an employee to use the compensatory time they accrue.
2. Increments of Use: Compensatory time is accrued and used in fifteen minute or quarter hour increments.
3. Compensatory Time used first for Leave Requests: Compensatory time must be used first for any annual leave request. Employees are encouraged to, and may voluntarily, use compensatory time rather than sick leave.

G. Separation from Employment:

Compensatory time balances have no cash value. They are permanently forfeited when an employee is separated from employment for any reason.

H. Transfer to a Non-Exempt Position:

An exempt employee forfeits all compensatory time balances when he/she moves to a non-exempt position within the Town.

I. Request to Exceed Allowable Compensatory Time Accruals:

1. Request must come from Department Head to Human Resource Development (HRD) Director: A Department Head may request permission from the Director of HRD to authorize compensatory time for an employee in excess of the maximum accrual.
2. Made in Advance: The request should be made IN ADVANCE of the anticipated need so that the payroll staff can make the necessary adjustments.
3. Process for Requesting Exception: The Department Head must submit a written request explaining why the additional compensatory time is needed and the duration of the need ([FORM 3-3 A](#)). The request should also include a plan to allow the employee to use the time and to resolve the situation so that excessive compensatory time is not required from this employee on an ongoing basis.
4. Response: The HRD Director will respond to the Department Head in a timely manner; usually within 3 business days.

J. Compensatory Time Records:

1. Timesheets: Employees must record all hours worked on the timesheet whether or not the time has been approved as compensatory time. The hours must be shown on the actual day they were earned as worked hours. Compensatory time used in a pay period should be shown on the timesheet in the "compensatory time" column to indicate that the department has approved its use.
2. Departmental Records: Departments must ensure that an employee's time sheet accurately reflects all hours worked. Each department shall ensure that accurate information about compensatory time accruals and use is entered into the payroll system for each employee, including when the time was accrued and when it was used. The Department Head is responsible for ensuring that accurate records are maintained. The payroll system records shall be considered the official total of any employee's compensatory time balance.

PROCEDURES  
CONT.

3. Procedures for Recordkeeping and Data Entry: Procedures for entering compensatory time records into the Town's Payroll system are attached as Procedures for Entering Compensatory Time Balances into MUNIS.

4. Recordkeeping Audits: Departments should monitor balances on a regular basis and maintain adequate records in the Town's employee Payroll system, currently MUNIS. These records may be audited by Business Management or Human Resource Development at any time.

5. Disagreements Regarding Compensatory Time Balances and Use: Any unresolved disagreements between an employee and the Town on the accrual or use of compensatory time will be resolved using the Town's dispute resolution processes.

K. Policy Implementation: Existing compensatory time balance as of January 6, 2017 will be handled as follows:


1. Each employee's compensatory time balance as of January 6, 2017 will be entered into MUNIS and available for the employee's use.
2. Employees whose balances are over the maximum accrual limit as of January 6, 2017 will stop accruing compensatory time until their balances fall below their allowed maximums.
3. An employee's compensatory time balance that exceeds the maximum balance allowed as of June 30, 2017 will be credited to that employee's sick leave balance. This is a one-time credit intended to give an employee some consideration for compensatory time accrued under the prior policy.

FORMS/INSTRUCTIONS

See Compensatory Time Procedures  
Procedures for Entering Compensatory Time Balances into MUNIS (IN process)  
[FORM 3-3 A](#): Request for Compensatory Time Balance Increase  
Please consult with your HRD Partner or the Payroll office if you have any questions.

PROCEDURES  
APPROVED BY

Cliff Turner, Human Resources Development Director



ADDITIONAL  
CONTACTS

Business Management: 919-968-2712  
Human Resource Development: 919-968-2700 [HR@townofchapelhill.org](mailto:HR@townofchapelhill.org)  
Ombuds Office: 919-265-0806 [Ombuds@townofchapelhill.org](mailto:Ombuds@townofchapelhill.org)

RELATED  
INFORMATION

[Fact Sheet #17A: Exemption for Executive, Administrative, Professional, Computer & Outside Sales Employees Under the Fair Labor Standards Act \(FLSA\)](#)

[PP 2-3 Holiday Pay](#)

## DEFINITIONS

- A. Exempt Employee: an employee whose job has been classified as exempt from the overtime provisions as outlined in the Federal Labor Standards Act.
- B. Fair Labor Standards Act (FLSA): The FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local Governments.
- C. Compensatory Time: time off awarded to an employee who works in excess of the hours agreed upon for his/her position.
- D. Scheduled hours: the hours an employee is scheduled to work in his established work period. A work period may be from 7 to 28 days in length.

## RESPONSIBILITIES

### **Employees are responsible for:**

- a) Alerting their supervisor whenever possible of circumstances which may require them to work additional hours
- b) Obtaining prior approval whenever possible before working additional hours

### **Department Heads are responsible for:**

- a) Ensuring that their departments maintain adequate records of compensatory time accruals, approval, and usage.
- b) Determining who may approve compensatory time
- c) Clearly communicating approval and tracking procedures with their staff
- d) Conferring with Payroll about the department's documentation processes prior to implementation
- e) Ensure that accurate information is entered into the Town's payroll system.
- f) Managing workflow and productivity so that the need for compensatory time is minimized.

### **Payroll staff employees are responsible for:**

- a) Assisting departments, when requested, in developing processes and procedures for tracking compensatory time approval, accrual, and usages.
- b) Auditing department compensatory time records

### **Human Resource Development staff are responsible for:**

- a) Helping departments evaluate staffing needs and workflow to minimize the need for employees to accrue compensatory time
- b) Assisting in the resolution of any disputes related to compensatory time

## POLICY HISTORY

Adopted May 1992  
Reissued November 2000 R  
Revised and reissued January 2017 to modify maximum accruals and centralize recordkeeping

FREQUENTLY  
ASKED  
QUESTIONS

[Frequently Asked Questions](#)

SCOPE

As of January 20, 2017 this policy replaces and supersedes any previous Town policies, departmental polices, handbooks, or unwritten policies or practices covering the same subject. Departmental policies in compliance with this policy are referenced in Section XI below, Related Information. In the event of any disparity between this policy and the Town's Code of Ordinances and/or applicable local, state, or federal laws, the Town's Ordinance and/or applicable laws shall prevail.





## FREQUENTLY ASKED QUESTIONS

### COMPENSATORY TIME FOR EXEMPT EMPLOYEES

#### **1. Why is the Town updating its compensatory time policy?**

Employee focus groups have consistently identified compensatory time as a confusing policy that they want to be clearer and more consistent throughout the Town. The updates to the policy standardize how comp time is accrued, used, and recorded; and provide more guidance on the types of activities that are eligible for compensatory time.

#### **2. Getting comp time hours approved in advance seems difficult and like the Town doesn't trust me or is micromanaging my work. Why do I have to do that?**

There are a number of reasons for wanting employees to get the hours approved in advance when possible, none of which have anything to do with micromanaging work or a lack of trust.

a) Getting compensatory time approved in advance is a way to alert the supervisor and help him/her manage workflow within the department.

b) When employees must work a lot of compensatory time, it may be an indication that the department needs additional resources. The approval process alerts management and helps them assess needs.

c) The Town has some responsibility for an employee's welfare and safety when they are working. If, for example, an employee is working late in the office or attending off site meetings, the Town needs to know that.

#### **3. I will probably go over the maximum accruals and still keep working extra hours. Why can't I get credit for those hours that I work even though I am at the limit? Why can't I get them retroactively credited to me once I use down my balance?**

Large balances now create operational issues later when an employee tries to use the time they have earned. Compensatory time should be used close to the time it is earned whenever possible. Compensatory time balances are of limited value to employees given that it has no cash value and no guarantee that it can all be used. Stopping the accrual gives employees and supervisors an incentive to manage compensatory time upfront and to address the workload before it gets too far out of hand.

#### **4. What is adequate documentation? I don't think this policy has enough detail about that.**

The policy gives departments the flexibility they need to set up systems that work for them. However, all the systems should be set up so that they can support what is in the MUNIS payroll database if there is ever a need to audit compensatory time for one or more individuals.

Payroll staff will help any department who requests assistance in developing processes for approving and tracking compensatory time. The Department Head has the final responsibility for making sure that an adequate system is in place. Employees are encouraged to keep personal records to support their reported hours.

**5. Have other methods of controlling the accumulation of compensatory time been discussed or explored? With the proliferation of smart phones, the number of afterhours calls, texts and e-mails have increased. If we are truly interested in helping employees find a “work-life balance” perhaps it would be wise to address this issue.**

Yes. These and other issues will be part of our work life balance discussions in 2017. We are putting together a task force for this purpose. In the meantime, we encourage you to have a discussion within your department about expectations regarding these issues. Having honest and frank conversations at the operational level can sometimes clarify and resolve these issues quickly.

**6. I understand that time in excess of 80 hours can be carried forward, but after January 1, additional time cannot be accrued without approval from the HRD Director or in emergency situations. This raises the following concerns:**

**a. What constitutes an “emergency” and who is responsible for deciding that a situation is emergent?**

An emergency is generally something you didn't expect and have to address right away. Weather issues, customer service problems (such as dealing with someone right at closing time), equipment breakdowns—all these things can be considered unanticipated and/or emergencies. The HRD Director and the Department Head are responsible for making this determination. It can of course be made 'after the fact' since it wasn't anticipated.

**b. Does this mean that employees with 80 or more hours as of 1/1/17 will not be compensated for answering work related phone calls after-hours or on weekends? Those employees who oversee on-call programs are frequently contacted outside of normal work hours. What guidance should we provide to these employees regarding the work related requests [calls, e-mails or texts] in this situation?**

Taking a few minutes to answer a call, text, or email is part of the expectation of a professional employee and not considered something that is eligible for compensatory time. Extended situations which require a lot of time to resolve may be compensable. The policy provides guidance on the types of work activities that are considered eligible for compensatory time. We advise that you talk to your supervisor about this issue to get a clear understanding of these expectations. HRD can assist with these discussions.



## Request to Increase Employee's Compensatory Time Balance Limits, FORM 3-3 A

Employee \_\_\_\_\_

Department \_\_\_\_\_

Date \_\_\_\_\_

Balance Limit Requested \_\_\_\_\_

Please answer the following questions and return this form to the HRD Director, Cliff Turner, at [cturner@townofchapelhill.org](mailto:cturner@townofchapelhill.org). Submit this request at least 14 days in advance.

1. Please describe what is creating the need for this employee to work additional hours.
2. How long will the employee need to work extra hours?
3. How will the situation creating this need be resolved?
4. When and how will the employee use the compensatory time they are accruing?

**Department Head Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Approved by HRD Director** \_\_\_\_\_ **Date** \_\_\_\_\_

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Payroll Notified: Date \_\_\_\_\_

If not approved, state reason: \_\_\_\_\_