

Financial Management Circular #2004-02
(Replaces #87-2.1)

Effective Date: August 23, 2004

General Subject: Compensatory Time Off

Specific Subject: COMPENSATORY TIME OFF
FOR EMPLOYEES EXEMPT
FROM PREMIUM OVERTIME
COMPENSATION AND THE FAIR
LABOR STANDARDS ACT.

Authority: IC 4-15-1.8-7(b)
31 IAC 1-9-2(D)(2)
31 IAC 2-11-2(D)(2)

Application: This circular applies to employees
who
are exempt from the Fair Labor
Standards Act and ineligible for
premium overtime compensation.

Employees not covered by 31 IAC 1-9-2(d)(1), 31 IAC 2-11-2(d)(1), or Financial Management Circular #2004-01 are exempt from eligibility for premium overtime compensation and the Fair Labor Standards Act (FLSA). The state has no legal obligation to pay overtime wages or provide compensatory time off to employees doing exempt work. However, from time to time, agency heads may wish to authorize compensatory time off for certain exempt employees. Agencies that authorize compensatory time off for exempt employees must comply with the officially promulgated personnel rules, the specific requirements of this circular and also with the philosophy expressed herein.

This Financial Management circular is intended to interpret 31 IAC 1-9-2(D)(2) and 31 IAC 2-11-2(D)(2). It establishes criteria under which exempt employees may accrue and use compensatory time off. Work performed in accordance with these guidelines shall be deemed to satisfy the approval required by the above-cited rules.

Compensatory time off may be used to reward conscientious, hard-working state employees who have worked extra hours for sustained periods of time as a result of an extraordinary or seasonal agency workload. The State Personnel Department and the State Budget Agency view compensatory time off for professionals as a privilege which agency heads may accord to dedicated employees.

Attempts to abuse this privilege will not be tolerated. Agency heads should consult State Personnel or the Budget Agency if they have questions. All actions taken concerning

compensatory time off for exempt employees should be consistent with the tone of this circular.

Exempt positions carry “professional,” “administrative” and “executive” responsibilities which may require more than the regularly scheduled number of hours per week to complete routine duties. Professional employees should not expect compensatory time off for this type of work. However, if an agency’s workload requires exempt employees to work substantially beyond their normal work schedule (e.g. holidays, weekends and/or late nights), under circumstances, which are unavoidable with good planning, an agency head has the authority pursuant to the personnel rules, to authorize compensatory time off for exempt employees.

To be eligible for compensatory time off, an employee must receive prior approval from her/his supervisor to work on a specified task for a specified number of hours. Comp time should not accrue for overtime work segments, which are less than four hours. To avoid misuse of this plan it is important for a supervisor to evaluate an employee’s productivity during normal work hours to determine whether compensatory time off should be authorized. An employee who does not use her/his normal work time efficiently should not be granted permission to work overtime which will be rewarded with compensatory time off. Occasionally, a supervisor may give prior approval to a project that will take four or more hours of overtime work, but not require that the work be performed in four-hour segments. This provision is made to provide flexibility to supervisors but must be implemented within the intent and spirit of this circular.

A record of the supervisor’s approval along with the number of hours worked and the number of hours used must be kept for each employee on the “Employee Compensatory Time Worksheet”, State Form #42386 or a computer spreadsheet, which precisely mirrors that form. Supervisor signatures on the Employee Compensatory Time Worksheet or the computer spreadsheet must be original. Supervisors must initial the “Balance Forward” line to validate this figure.

In addition to maintaining the cumulative Employee Compensatory Time Worksheet, compensatory time off earned or used must be reported on the Employee’s Attendance Report. Employees may use compensatory time off in quarter hour increments.

Agency heads are obligated to assure that compensatory time off is authorized and used in a manner consistent with this circular. The State Board of Accounts will audit the Employee Compensatory Time Worksheet and Employee Attendance Reports.

Upon termination or interagency transfer an employee receives no compensation for accumulated compensatory time. Accumulated time may not be used after an employee has given notice of her/his intent to terminate or transfer. No exempt employee may use more than three weeks of compensatory time off during a calendar year. Accumulated unused earned comp time may be carried forward from one calendar year to the next.

Overtime compensation for exempt employees that is not consistent with provisions of this circular must be approved by the State Personnel Department and the Budget Director based on an agency plan or specific occurrence.

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