



Human Resources Policies and Procedures

Policy Title: Fair Labor Standards Act Compliance (FLSA)	Policy Number: 5.2
Effective: September 13, 2010	
Supersedes: Fair Labor Standards Act Compliance (FLSA) Policy effective October 30, 2005	
Approval:	Page 1 of 4

1.0 Scope

- | | |
|--|--|
| <input checked="" type="checkbox"/> Full-time | <input checked="" type="checkbox"/> Salaried |
| <input checked="" type="checkbox"/> Part-time | <input checked="" type="checkbox"/> Union |
| <input checked="" type="checkbox"/> Temporary/Contract | <input checked="" type="checkbox"/> Independent Contractor |

Employees who are covered under the provisions of a collective bargaining agreement will follow the standards as contained in their respective contracts when this policy conflicts with the language in the contract.

2.0 Purpose

The provisions of the Fair Labor Standards Act (FLSA), the requirement to pay premium for all hours worked beyond a specific number of hours in a pay period, apply to certain categories of employees on the basis of strictly defined requirements. For this reason, it is necessary that jobs be divided into two categories and classified as exempt and non-exempt. The exempt and non-exempt status of any particular employee or position must be determined on the basis of whether the employee's actual duties, responsibilities and salary meet all the FLSA requirements for exemption.

3.0 Policy

The City of Ann Arbor will comply with the FLSA, which provides certain regulations regarding minimum wage, overtime, pay, definition of compensable work and time recording requirements.

DISCLAIMER

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4.0 Responsibility

Human Resources Services is charged with the responsibility of determining the exempt or non-exempt status of positions/employees. Human Resource Services is responsible for the day-to-day administration of this policy, for ensuring compliance with FLSA and is authorized to investigate specific situations to assure that employee work and pay practices are conducted in accordance with the law.

5.0 Definitions

- 5.1 Non-Exempt Employees** – include all regular and temporary employees except executive, administrative, professional or computer employees as defined in the FLSA.
- 5.2 Exempt Employees** include employees who, by nature of their position, are exempt from the minimum wage and overtime provisions as defined in FLSA.

6.0 Procedures

6.1 Wage and Salary Administration

- A. The City of Ann Arbor has developed a salaried, non-union compensation plan that complies with the provisions of the FLSA.
- B. Classifications within the compensation plan, which prescribe the salary level authorized for each position of employment, are administered by Human Resources Services.
- C. All inquiries and requests for special exemptions or interpretations are to be submitted to the Human Resources Services, Compensation staff.
- D. The non-exempt employee will receive overtime pay at 1.5 times regular hourly rate for hours worked in excess of 40 in a workweek.
- E. All non-exempt employees must maintain time records reflecting actual time worked. See also Payroll/Time Records Policy (5.9).

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6.2 Determination of Exempt Status of Employees

- A. Each employee's overtime pay and minimum wage coverage under FLSA (exempt or non-exempt) is determined in accordance with the terms of the Federal regulations cited herein.
- B. All City job categories are determined to be "exempt" or "non-exempt" as defined by the FLSA.
- C. As a part of the position evaluation process, Human Resources Services will make a determination as to the proper category into which a position is to be placed, exempt or non-exempt, following a review of job responsibilities. When conducting an analysis for the exempt or non-exempt status of a job classification, the following steps are recommended:
 - 1. Review the current job description.
 - 2. Review the overtime practices for the position with the current supervisor of the unit.
 - 3. Review FLSA definitions and overtime regulations as they apply.
- D. Jobs should be evaluated for exempt status when a new position is created and whenever an existing job or job duties are significantly changed.

- 6.3** The Equal Pay Act, an amendment to the FLSA, applies to all City employees. It prohibits gender-based wage differentials between persons employed in the same establishment in jobs that require equal skill, effort and responsibility and which are performed under similar working conditions. The law permits differences based on factors other than sex, such as bona fide seniority or merit systems or systems that reward productivity and performance.

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- 6.4** Non-exempt employees are subject to the overtime provisions of the FLSA. Compensation for all hours worked in excess of forty (40) hours (unless otherwise stated in a labor agreement) in the standard workweek shall be handled in accordance with the City's policies and procedures on overtime (Policy 5.7) and compensatory time (Policy 5.8). Exempt employees are not eligible to receive compensation for hours worked in excess of the forty (40) hours in the standard workweek.
- 6.5** The City of Ann Arbor adheres to all of the FLSA and Immigration Reform and Control Act of 1996 (IRCA) provisions in connection with child labor. Managers shall consult with Human Resources Services, Compensation staff prior to hiring a minor for employment with the City of Ann Arbor.
- 6.6** The City pays at least the minimum wage prescribed by the FLSA. It is the policy of the City to pay all workers, including student workers, no less than the Federal minimum wage.
- 6.7** As a covered employer, the City is required to post notices pertaining to the applicability of the FLSA, including minimum wage and child labor.
- 6.8** Records and reports associated with salary and wage payments required by Federal and State law and by accounting systems of the City are incorporated in the automated Human Resources Information System (HRIS). Human Resources Services should maintain records of any job analysis conducted at the City of Ann Arbor.

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