About This Policy

Effective Dates:
06-13-2012

Last Updated:
06-13-2012

Responsible University Administrator:
Vice President and Chief Financial Officer

Policy Contact:
University Human Resources
hrpolicy@iu.edu

Scope

This policy applies to Professional Staff in salaried-overtime-eligible (PAU) classified positions.

Policy Statement

1. The Fair Labor Standards Act (FLSA) requires that positions must meet certain duties tests, and be paid on a salary basis at not less than $455 per week in order to be exempt from overtime. PAU positions meet the duties tests but the Professional Staff employees’ salaries do not meet the FLSA minimum salary requirement, and are considered salaried-overtime-eligible.

2. There are two options for recording time worked by Professional Staff in PAU classified positions. Departments can select one of the options, and must be consistent for all PAU Staff employees in a department. Employees should be informed of the option being used prior to performing work under either option.
   
a. Option #1: Utilize Exchange Hours to pay a set salary each week that is based on the employee’s full-time equivalent (FTE) and compensation rate. For example, an employee’s FTE is 0.50 or 20 standard hours per week, and the employee’s weekly salary is $400. If the employee works 16 hours one week, 4 hours of Exchange Time are taken in order to pay the weekly salary of $400 based on the 20 standard hours. If the employee works 24 hours the next week, then 4 hours of Exchange Time are earned to be used at another time in order to pay the weekly salary of $400 based on the 20 standard hours.
      
      i. For hours worked over 40 in a work week, the employee must receive compensation for time worked over 40 in a workweek at a rate equal to half time (0.50) the rate for the work performed, plus additional Exchange Hours Earned (EHE) equal to the time worked over 40. The half time compensation must be in the form of pay.

   b. Option #2: Pay for actual time worked each week.
      
      i. Similar to other overtime eligible positions, all hours worked above 40 in a work week must be paid in the form of pay at the rate of time and one-half.

3. Compensatory time off does not apply to PAU Staff employees. PAU Staff employees are covered by FLSA overtime provisions and the University Overtime Pay policy.

4. Every effort should be made to ensure that the PAU Staff employee’s Exchange Hours bank equals zero at the end of the last full pay period of the calendar year. If the employee has a positive or negative Exchange Hours balance, the balance will roll over to the following calendar year.
5. Unused Exchange Hours are paid out at time of separation from the University or if the employee transfers to a new position that is not classified as PAU. If the PAU Staff employee has a negative Exchange Hours balance, the amount is owed by the employee at time of separation from the University or transfer.

Reason For Policy

This policy provides University managers and supervisors with guidelines and procedures necessary to comply with the FLSA.

Procedure

1. Options for recording time worked up to 40 hours each workweek by PAU Staff employees:
   a. **Option #1: For departments with PAU positions utilizing Exchange Hours.**
      i. The employee must record time worked by entering in all hours worked using the TIME system.
      ii. When the PAU Staff employee works more than the FTE standard hours up to 40 hours during a single workweek the department should:
         a. Enter in Exchange Hours Earned (EHE) for the time worked above the FTE standard hours.
      iii. When the PAU Staff employee works less than the FTE standard hours during a single workweek the department should:
         a. Enter in Exchange Hours Taken (EHT) or the appropriate benefit time off code for the additional time needed to equal the FTE standard hours for the workweek.
         b. If the PAU Staff employee does not have any available Exchange Hours or the appropriate benefit time off, enter in Exchange Hours Taken (EHT) for the time needed to equal the FTE standard hours. The Exchange Hours balance is allowed to be negative.
      iv. Instructions for using Exchange Hours in the TIME system are available on the IU FMS website.
   b. **Option #2: For departments with PAU positions not using Exchange hours.**
      i. The employee must record time worked by entering in all hours worked using the TIME system.
      ii. When the PAU Staff employee works more than the FTE standard hours during a workweek the departments should:
      a. Allow the TIME system to pay the employee for actual time worked.
      iii. When the PAU Staff employee works less than the FTE standard hours during a workweek the departments should:
      a. Enter in the appropriate benefit time off code for the time needed to equal the FTE standard hours.
      b. If the PAU Staff employee does not have any appropriate and available benefit time off, enter in Absent without Pay for the time needed to equal the FTE standard hours. The TIME system will pay the employee for actual hours worked.

2. Overtime compensation for all PAU Staff employees, for Options 1 and 2.
   a. The rate used to determine the overtime compensation rate will be adjusted upward to include any temporary pay, bonus pay, or other pay that the employee received during the week in which the hours over 40 were worked.

3. Exchange Time for PAU Staff employees, for Option 1.
   a. Accumulated Exchange Hours may be used whenever the PAU Staff employee works less than the FTE standard hours in a workweek.
   b. See the Family and Medical Leave Act (FMLA) Rights policy for the provisions related to the use of earned time during an FMLA covered absence.
   c. When an employee promotes, demotes or transfers to another department or to a position in the same department not eligible for Exchange Hours any accumulated Exchange Hours must be paid before the move.
d. When an employee promotes, demotes or transfers to another department or to a position in the same department not eligible for Exchange Hours any negative Exchange Hours must be paid by the employee before the move.

e. Upon separation from the University, if the employee has a negative Exchange Hour balance, the employee’s final paycheck will be adjusted to deduct for the negative amount. If there is a positive Exchange Hour balance, the employee will receive additional for the balance.

4. Secondary employment for PAU Staff employees.
   a. A PAU Staff employee may be employed as a Temporary employee in other departments. Multiple positions by PAU Staff employee may affect the department’s decision of using Exchange Hours or hours worked. Contact the HR Representative or Campus HR Office if this situation may arise.

5. Department and employee responsibilities.
   a. Departments are responsible for:
      i. Informing the PAU Staff employee which option of recording time will be used prior to the first day worked.
      ii. Maintaining records of Exchange Hours earned and taken.
      iii. Reporting Exchange Hours Earned and Taken on the university provided records.
   b. Employees are responsible for:
      i. Keeping an accurate record of actual time worked. Time is to be recorded daily as provided for on the university provided records.

Definitions

1. PAU classified positions are salaried-overtime-eligible positions that meet the FLSA duties tests, but the Professional Staff employees' salaries do not meet the FLSA minimum salary requirement, and are considered salaried-overtime-eligible.

2. Exchange Hours Earned (EHE) and Exchange Hours Taken (EHT) are Earn Codes used to record hours less than or greater than the full-time equivalent (FTE) standard hours (e.g. 0.50 FTE = 20 standard hours), and overtime worked per workweek by Professional Staff employees in PAU classified positions.

3. The University’s workweek is defined as beginning and ending at 12:00 midnight on Saturday.

4. Overtime is defined as hours worked in excess of 40 hours in a workweek.

Sanctions

Violations of University policies will be handled in accordance with applicable University policies and procedures; which may include disciplinary actions up to and including termination from the University.

Additional Contacts

Policy Interpretation
UHR
812-856-6047
hrpolicy@iu.edu

Policy Interpretation
Campus HR office
Various

History

The Fair Labor Standards Act (FLSA) was originally passed in 1938 and has been amended numerous times since then. In addition to regulations on overtime pay, the FLSA establishes minimum wage, recordkeeping, and
child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments.

**Related Information**

- IU Human Resources Policy related to Overtime Pay
- IU Human Resources Policy related to the Family and Medical Leave Act (FMLA) Rights
- IU Office of Financial Management Services Kuali Time instructions