

CITY OF HEALDSBURG ADMINISTRATIVE DIRECTIVE

SUBJECT: SALARY BASIS

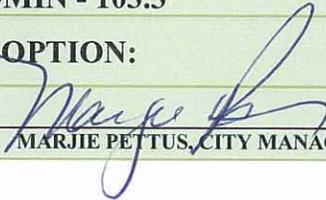
NUMBER: ADMIN - 103.3

EFFECTIVE DATE: JANUARY 1, 2012

COUNCIL ADOPTION:

AMENDS/SUPERSEDES:

APPROVED:


MARJIE PETTUS, CITY MANAGER

POLICY ON SALARY BASIS

Subject: Salary Basis for Compensation

Purpose: To establish a salary basis for compensation and comply with Fair Labor Standards Act (FLSA) requirements.

General Policy: It is the City's policy to comply with the salary basis requirements of the FLSA. Therefore, supervisors shall be prohibited from making any improper deductions from the salaries of exempt employees. The City wants employees to be aware of this policy and understand the City does not allow deductions that violate the FLSA. This policy is based upon the Department of Labor's model salary basis policy.

Definitions:

"Salary basis" generally means an employee regularly receives a predetermined amount of compensation each pay period on a weekly, or less frequent, basis.

Salary Basis Requirement:

To qualify for exemption from overtime requirements, employees generally must be paid at not less than \$455 per week on a salary basis. These salary requirements do not apply to outside sales employees, teachers, and employees practicing law or medicine. Exempt computer employees may be paid at least \$455 on a salary basis or on an hourly basis at a rate not less than \$27.63 per hour.

The salary basis, or predetermined amount, cannot be reduced because of variations in the quality or quantity of the employee's work. However, there are numerous exceptions to the rule that prohibits deductions from the salary of an exempt employee.

Circumstances in Which the Employer May Make Deductions from Pay:

Deductions from pay are permissible when an exempt employee:

- a. Is absent from work for one or more full days for personal reasons other than sickness or disability;
- b. For absences of one or more full days due to sickness or disability if the deduction is made in accordance with a bona fide plan, policy or practice of providing compensation for salary lost due to illness;
- c. To offset amounts employees receive as jury or witness fees;
- d. For military pay;
- e. For unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace conduct rule infractions (see City Personnel Rules and Regulations and applicable Memoranda of Understanding for workplace conduct rules infractions.

Additionally, requiring an employee to be present during established work hours and requiring an employee to complete a timesheet are permissible. Requiring an employee to use accrued vacation or sick leave to cover an absence of less than a full workday is permissible and is not legally considered to be a salary deduction. Additionally, the City may deduct the pay of an exempt employee who absents him/herself from the workplace for personal reasons if the employee is out of leave or does not meet the conditions for use of leave. Finally, the City is not required to pay the full salary in the initial or terminal week of employment; for penalties imposed in good faith for infractions of safety rules of major significance, or for weeks in which an exempt employee takes unpaid leave under the Family Medical Leave Act. In these circumstances, either partial day or full day deductions may be made.

Improper Deduction:

If an employee believes an improper deduction has been made to his/her salary, the employee shall immediately report this information to his/her direct supervisor, or file a grievance pursuant to the grievance policy applicable to the employee's bargaining unit. Reports of improper deductions shall be promptly investigated. If it is determined that an improper deduction has occurred, the employee shall be reimbursed for the improper deduction on the next pay period.

REVIEW AND REVISION

The City of Healdsburg reserves the right to rescind and/or amend this and all City policies, at any time.