

SUBJECT: PAY PRACTICE POLICY - EXEMPT EMPLOYEES

Background: The Fair Labor Standards Act (FLSA) is a federal law requiring employers to pay covered employees a minimum wage and overtime at one-and-one-half-times the employee's regular rate of pay for all hours worked in excess of forty (40) in a workweek, or other such work period established for police officers and firefighters. Certain employees are considered exempt from these FLSA minimum wage and overtime requirements, including executive, administrative, professional, computer and outside sales employees.

In order for the employer to maintain this exemption from these FLSA requirements, exempt employees must receive a predetermined minimum salary each pay period, and deductions are only allowed in the circumstances specifically stated below.

Policy: It is the City of Madison's policy to comply with all salary basis requirements of the FLSA. Consequently, the City of Madison strictly prohibits all City managers from making improper deductions from the salaries of exempt employees. All exempt employees should be aware of this policy and that the City of Madison does not allow deductions in violation of the FLSA.

Scope: This APM applies to all exempt employees. To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than \$455 per week. Job titles do not determine exempt status. If you have questions regarding your specific position please contact the Human Resources Department for clarification.

Guidelines: The federal law has established a list of circumstances under which deductions from the pay of an exempt employee are permissible. In order to ensure compliance with the FLSA, all department managers must first contact the Human Resources Department when making deductions from the salaries of exempt employees to verify the deductions are proper.

Deductions from pay may only be made when any of the following occur:

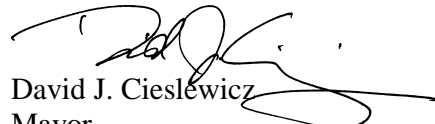
1. Full day absences for personal reasons;
2. Full day absences due to sickness or disability;
3. To offset payment employees receive as jury fees, witness fees, or military pay;
4. Disciplinary suspension of one or more full days imposed for violation of a workplace conduct rule as provided in APM 2-33, 3-5, the City of Madison code of Ethics, or other written workplace conduct policy uniformly applicable to all employees;
5. Penalties imposed in good faith for infractions of safety rules of major significance;
6. The employee is in the initial or terminal week of employment;
7. Employee contributions to benefit plans including but not limited to pension, deferred compensation, or insurance premiums;
8. Federal or local taxes;
9. Garnishments directed via court order;
10. Absences covered by the Federal or Wisconsin Family Medical Leave Acts.

In order to avoid improper deduction, the City may opt to charge absences to an employee's accumulated sick, vacation, personal, or eligible paid leave time.

Employee Complaint Process: Any exempt employee who believes an improper deduction has been made from his/her bi-weekly salary should reduce the complaint to writing and submit it to the Human Resources Director (or designee) immediately. All complaints will be promptly and thoroughly investigated and reimbursement will be promptly made where the deduction has been determined to be improper.

No Retaliation: No employee will be retaliated against for making a good faith inquiry as to the status of deductions made from the employee's paycheck or for otherwise exercising his/her rights under this policy.

Responsibility: The Human Resources Director shall interpret, administer, and enforce the provisions of this APM.


David J. Cieslewicz
Mayor

APM No. 2-42
April 5, 2010