

AEA Utility Management Conference



HR Sharing Best Practices

Public service is a vocation and honor given to the few who have the courage to stand up in the face of unmerited criticism to serve the greater good of their community.



Introduction



Accumulated Leave

- ✓ Fair Labor Standards Act
- Comp Time

Paid Time Off

- ✓ Personal Time
- ✓ Vacation
- ✓ Sick Leave

Retirement Payout Calculation



FAIR LABOR STANDARDS ACT

Fair Labor Standards Act



To Exempt or Non-Exempt

- A lot of Confusion
- It all starts with determination if an employee is exempt or non-exempt.

*According to the U S Department of Labor, “**A job title alone is insufficient** to establish the exempt status of an employee. Exempt or non-exempt status of a particular employee must be determined based on whether the employee's salary and duties meet the requirements of the regulations in this law.”*

Fair Labor Standards Act



To Exempt or Non-Exempt

- Unless Exempt, must pay for all hours over 40 per week at time and a half.
- Must keep records of all time for all employees.
- Easy one first...

Fair Labor Standards Act



To Exempt or **Non-Exempt**

- Many municipal employees are Non-Exempt
 - NJ Labor agreements specify Overtime requirements
 - Mandatorily Negotiable

Fair Labor Standards Act



To **Exempt** or Non-Exempt

- To be Exempt
 - Determination Factor
 - Salary basis test (As of 7/1/2024)
 - Executive more than \$43,888
 - High \$132,964 Executive Exemption – managing the municipality

To **Exempt** or Non-Exempt

- Executive Exemption – managing the municipality
- Administrative Exemption
 - Exercises independent judgement – HR Directors, Purchasing
- Professional Exemption
 - Engineers and Lawyers

Fair Labor Standards Act



To Exempt or Non-Exempt

- This is a general rule and is worth your time to verify the exemption.
- Know the overtime rules in your labor agreements.

US Department of Labor, Wage and Hour Division website:
www.dol.gov/agencies/whd

Fair Labor Standards Act



Overtime Tidbits

- Unauthorized Overtime
 - Still must pay
 - To stop, need written policy
 - Discipline – Insubordination

Overtime Tidbits

- Common Issues of unauthorized work
 - Coming in early or stay late to “get set up for the day”
 - Set parameters – 5 minutes early, stay late.
 - Early punch
 - Work from home – MOST DIFFICULT
 - “Dropping things off”

Fair Labor Standards Act



Overtime Tidbits

- Employee cannot refuse Overtime or “Volunteer”
- Once the day starts (punch in), continues to punch out
 - Breaks (less than 20 minutes) count
 - Needs time off--use PTO
 - Need “hourly” policy on PTO
 - Lunch more than 30 minutes and complete break from work activities of any sort (not recommended)

Fair Labor Standards Act



Comp Time

- Comp time is overtime earned but not paid.
 - Records are critical.
 - 1.5 or actual hours
 - Establish written policy on Comp Time accumulation.
- Cannot force comp time

Fair Labor Standards Act



Comp Time

- Employee must agree
- Employer does NOT have to provide
- Employer cannot force Comp Time

- Strongly recommend..
 - Don't! Pay as you go.
 - Use within 45 days of accumulation.
 - Pay out at the end of the year.



Vacation
Sick
Retirement Consequence

Paid Time Off



Vacation Accumulations Limits

State Law limits

- In December, list of accumulated leave for employees by unit.
 - Need for review of excesses and CFO for Budget/Audit.
 - Sign off by each employee in January.
- Employee with more than two years of accumulated leave
 - address with each individual employee.
 - Guidance from LFN 2007-28

Paid Time Off



Vacation Excess Accumulation

Use up accumulation

- May require use in a certain manner.
 - Establish a written procedure.
 - Distribute to employees and unions
 - Failure to communicate a policy, jeopardizes the enforcement.

Paid Time Off



Vacation Excess Accumulation

Use up accumulation

- Allowed to structure use of accumulated leave.
 - In writing.
- *Example*, direct an employee to use five days within the first quarter of the new year.
 - Even structure exact days that they must take off.

Paid Time Off



Use it or lose it Mistake

- Unless you have a specific--and properly adopted--policy that allows for a “use it or lose it,” you cannot take earned leave away from any public employee.

Paid Time Off



Sick Leave

- Three points of Sick Leave
 - Accumulation – No Limit
 - Typically, 15 days per year
 - Negotiable
 - Labor agreements
 - Personnel Policy or Ordinance

Paid Time Off



Sick Leave

- Three points of Sick Leave
 - NO buy back
 - Only at Retirement
 - *“...shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave in an amount in excess of \$15,000. Supplemental compensation shall be payable only at the time of retirement ...” 40A:9-10.4*

Paid Time Off



Develop Spreadsheet

- Name
- Title
- Union
- Date of hire
 - Mark with July 2007 or May 2010
- Daily/Hourly rate calculation.

Paid Time Off



Calculation at Retirement

- Must pay for unused Vacation -- Earned vs Accumulated
- Must pay any Comp Time

- Sick leave payout
 - Calculations based upon Date of hire: July 2007 or May 2010

- Finance Officer **MUST** Certify at retirement and by Resolution

Before we go



What questions do you have?

THANK YOU!

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