



employee relations **BULLETIN**

July 10, 2001

To: Heads of All Departments
Departmental Personnel Officers

Subject: **SALARIED EMPLOYEES ELIGIBILITY FOR OVERTIME**

The Controller's Office recently completed an audit of overtime accumulated by and paid to salaried employees dated May 10, 2001. The audit indicates that there is some confusion regarding the eligibility of salaried employees for overtime. This Bulletin is meant to clarify the City's policy in this area.

Overtime provisions are contained in Los Angeles Administrative Code (Ad Code) Section 4.113 and the various memoranda of understanding. These overtime provisions must be read in their entirety to fully understand the effects of salaried status on overtime compensation. Summarized below are the key provisions:

- Both cash and accumulated time are considered overtime compensation.
- General managers are not and have never been entitled to any form of cash or time off for any extra hours worked.
- Other salaried employees, as defined in the Ad Code or applicable MOUs, are not eligible for overtime compensation in cash or accumulated time. Prior to 1994 some exempt employees were eligible for straight time overtime. The practice was discontinued in exchange for eliminating deductions from leave banks or reductions in pay for partial day absences.
- Salaried employees may be granted time off for excess hours worked due to unusual situations such as major projects or events requiring extraordinary additional work. Under no circumstances should time off be granted on an hour for hour basis for all excess hours worked. Furthermore, granting time off for occasional excess hours worked is not consistent with salaried status.

Generally, granting time off for excess hours worked due to unusual situations should be approved by the general manager. Delegation of this authority should be limited to ensure that the practice is consistently applied. For example, group supervisors

could be given authority to grant single days off while assistant general managers could approve two to four consecutive days off. General manager approval could be required for additional consecutive days off.

- Since salaried employees are prohibited from accumulating any overtime, no more than 80 hours in a pay period should be recorded on time sheets submitted to the Controller.
- The only salaried employees eligible for cash compensation for excess hours worked are non-represented employees pursuant to the last paragraph of Ad Code Section 4.113 and employees covered by MOU 17. General managers may request approval of the Mayor to provide cash to these employees who have worked excess hours in increments of a full day due to specified types of emergencies (e.g., earthquake, flood, sewage, emergency construction response, etc.). Salaried employees covered by other MOUs may not be granted cash compensation for excess hours worked in emergencies.

If you have any questions regarding this matter, please contact the FLSA Coordinator in the Office of the City Administrative Officer/Employee Relations Division at (213) 485-5253.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

E. C. B. S. S.

Date: July 10, 2001

To: All City Departments

From: Laura Chick, City Controller *L. C.*
William T Fujioka, City Administrative Officer *W. T. F.*

Subject: Overtime for Salaried Employees

The Controller's Office recent analysis of overtime payments to salaried employees disclosed areas that may need clarification and/or restatement to reduce misapplication of the City's rules.

1. There are no salaried employees covered by MOU 21. Notwithstanding language in the MOU overtime article that may appear to conflict, all employees in this unit are eligible to receive overtime compensation at time and one-half. Any confusion in the language will be clarified in the MOU currently being negotiated. No reimbursements for erroneous overtime payments are necessary at this time.
2. Salaried employees are not eligible for overtime. There should be no reporting of any excess hours worked by salaried employees on time sheets reported to the Controller using the OS or OT code, in order to avoid any inadvertent payment of hours upon transfer or termination of employment. Time off granted by appointing authorities for excess hours worked in "unusual situations," described in LAAC Section 4.113 and various MOUs should not be confused with OT recorded for non-salaried employees. Inasmuch as the excess hours worked is not recorded as overtime, the time off cannot be reflected as TS (except under the limited circumstance identified in the last paragraph of LAAC Section 4.113, for non-represented employees only and for employees covered by MOU 17, i.e., emergency situations approved by the Mayor).
3. There are only limited circumstances in which some salaried employees may receive cash compensation for overtime. The last paragraph of LAAC Section 4.113, which applies only to non-represented salaried employees, and MOU 17 contain a provision that permits cash compensation for specified *emergency situations approved by the Mayor*.

If you have any questions regarding the above matter, please contact Mike Lee, Chief Auditor with the Office of the Controller at (213) 485-4525, or Mary Higgins, Chief Administrative Analyst, CAO at (213) 485-5288.

Attached is an Employee Relations Bulletin which provides further information regarding salaried employees.

cc: Departmental Personnel Officers

2ib108a