

<b>INDIANA DEPARTMENT OF CHILD SERVICES ADMINISTRATIVE POLICIES AND PROCEDURES</b>		
Policy Number: HR-2-3	Effective Date: October 1, 2020	Version: 2.0
<b>POLICY TITLE: COMPENSATORY TIME OFF</b>		
<b>OVERVIEW:</b> Overtime-eligible employees may elect compensatory time off in lieu of monetary pay for overtime. The state has no legal obligation to provide compensatory time off to exempt employees.		

## I. DEFINITIONS

- A. **Compensatory Time Off:** Paid time off given in lieu of additional monetary pay. Compensatory time off may be used outside of the week in which it was earned. This is one of the ways in which compensatory time differs from a schedule adjustment. (More information on adjusted schedules may be found in [HR-2-11 Work Hours and Schedules](#).)
- B. **Overtime-eligible Employee:** An employee who is covered by the overtime pay provisions of the Fair Labor Standards Act (FLSA) and/or applicable state rules and policies on premium overtime pay. These employees are known as “non-exempt employees”.
- C. **Exempt Employee:** An employee who is not covered by the overtime pay provisions of the FLSA and/or applicable state rules and policies on premium overtime pay. These employees are also known as overtime ineligible employees.
- D. **Premium Overtime:** Actual time worked in excess of 40 hours per work week for an overtime-eligible employee.

## II. REFERENCES

- A. [HR-2-11 Work Hours and Schedules](#)
- B. [Fair Labor Standards Act \(FLSA\)](#)
- C. [Financial Management Circular 2013-4](#)
- D. [Financial Management Circular 2019-1](#)
- E. [Financial Management Circular 2019-2](#)
- F. [31 IAC 5-7-6: Compensatory Time Off](#)

## III. POLICY

- A. According to [FLSA](#), overtime-eligible employee timesheets must reflect the actual time worked. It is a violation of law for any overtime-eligible employee to work but not record the time on the employee’s timesheet or to record time that was not actually worked.
- B. **Overtime-Eligible Employees**
  - 1. An overtime-eligible employee may request and, upon approval by the employee’s supervisor or designee, be granted compensatory time off in lieu of monetary payment for the overtime. Management reserves the right to pay overtime when operational needs prevent granting compensatory time off.
  - 2. An overtime-eligible employee choosing compensatory time off will be granted one (1) hour of compensatory time off for every hour worked in excess of 37.5 hours in any given work week for up to 40 hours worked. The individual will

receive 1.5 hours of compensatory time for every additional hour worked above and beyond 40 hours.

3. An overtime-eligible employee shall be permitted to use accrued compensatory time off within a reasonable period after making a request, if the use of such time does not disrupt the operations of the agency.
4. All compensatory time off earned by overtime-eligible employees must be scheduled and taken prior to the end of the calendar quarter following the quarter in which the overtime was earned. Compensatory time off that is not used within this period will be compensated monetarily.

**Example:** Compensatory time earned for overtime hours worked on August 10<sup>th</sup> that has not been taken by December 31<sup>st</sup>, must be paid out in the paycheck that covers December 31<sup>st</sup>.

5. An overtime-eligible employee may not accrue more than 240 hours of compensatory time off.

**Note:** An employee who has accrued more than 240 hours of compensatory time off must claim monetary payment for additional overtime.

6. Upon promotion, termination (eligible and non-eligible for re-hire), or interagency transfer, an overtime-eligible employee must be paid for the unused compensatory time off as outlined in [31 IAC 5-7-6\(4\) \(B\)](#).

C. Exempt Employees

The state has no legal obligation to provide compensatory time off to exempt employees.

**Note:** See [Financial Management Circular 2013-4](#) and [Financial Management Circular 2019-2](#) for additional information regarding exempt employees receiving compensatory time off.

#### IV. PROCEDURE

- A. All compensatory time off may be used in quarter-hour (15-minute) segments.
- B. Requests by overtime-eligible employees for compensatory time off in lieu of overtime pay and approval by the employee's supervisor or designee must be documented via email, preferably prior to working the overtime. If the request is not made prior to working the overtime, it must be made no later than the end of the pay period.
- C. Compensatory time off earned and used must be reported on the employee timesheet. The employee's supervisor should ensure accurate documentation of earned and used compensatory time off prior to approval of the employee timesheet.

**Note:** An employee may note additional information in the comments section of the employee timesheet regarding compensatory time off.

**V. FORMS AND OTHER DOCUMENTS**

N/A

DATE: 9/14/2020

Eric Miller, Chief of Staff  
Department of Child Services

A signed copy is on file.