



HUMAN RESOURCES

Division: ADMINISTRATION
Chapter: HUMAN
RESOURCES
Policy: HR 3.4 - LEAVE
OFFSETTING
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PREFACE

Leave benefits are provided to eligible employees to cover the gap between hours worked and the minimum expected work hours (i.e., 40 per week or 160 per 28 days) and are not intended to regularly create pay enhancements.

Leave Offsetting Defined

Leave Offsetting occurs when leave is taken in the same overtime period where the employee has worked additional hours. The amount of leave taken will be offset by the additional work hours, and the leave that had been recorded that is not needed, will be restored to the employee's quota balance. Leave restoration will be first taken, first restored and will be completed within the employee's overtime period. Not all leave benefits are subject to leave offsetting.

Leave Types Subject to Offsetting

The following leave types are subject to leave offsetting:

1. Approved Leave (including all benefits that are part of the hierarchy),
2. Sick Leave,
3. Community Service Leave,
4. Military Training Leave,
5. Military Active Duty, and
6. Educational Leave

Leave Types Not Subject to Offsetting

The following leave types are not subject to leave offsetting and may therefore create a pay enhancement:

1. Civil Leave
2. Holiday Leave
3. Other Management Approved Leave

These leave types are not to be offset by additional hours worked during the employee's overtime period.

Therefore, employees may generate gap hours (straight time) during overtime periods in which the employee uses a leave benefit that is not offset, but the employee works additional hours beyond their regular work schedule.

Example:

An employee has a holiday on Monday, but works over by one hour on Thursday. The employee records 8 hours for the holiday on Monday, 8 hours of work time on Tuesday and Wednesday, 9 hours on Thursday, and 8 hours on Friday.

If the employee is subject to FLSA rules (overtime), he/she will have 33 hours of work time and 8 hours of holiday leave for that overtime period. The employee has one hour of gap time for which he/she will either be paid for or be credited with in the Gap Hour bucket to be used as time off depending on the position settings.

If the employee is exempt to FLSA (overtime), he/she will receive one (1) hour of compensatory time that will be credited to the employee's compensatory leave bucket since employees exempt to overtime regulations are not eligible for Gap Hours.

Impact on Gap Hours

Gap hours only apply to positions subject to the overtime provisions of the Fair Labor Standards Act. Within the Department of Public Safety, employees will be compensated for gap hours as follows:

- A. Immediate Payout: No compensatory time is accumulated for time off later. The employee is paid for any overtime hours on the first available pay day following the completion of the work cycle.
- B. 365 Day Payout: Hours worked beyond the standard for the work week are accumulated in the overtime/compensatory quota in the approved leave hierarchy and are available as time off for up to 365 days. If not used as time off within 365 days, the hours are paid on the first available pay day.

Leave Types to be Manually Offset

There may be some types of leave for which the system does not offset, but are still by policy subject to offsetting and must therefore be manually offset when being recorded. These include:

- A. Injury Leave
- B. Leave of Absence without Pay

FLSA Status

Leave Offsetting is required and occurs regardless of the employee's FLSA status. Leave offsetting only occurs within the overtime period and any additional hours worked cannot be used to offset leave in a prior overtime period.

Types of Leave Offsetting

- A. **Leave Offsetting**: The process of reducing the amount of leave applied to one absence based on hours worked in excess of the regular work schedule within the employee's overtime period. This may be completed automatically by the SAP/BEACON system or may be completed manually by the employee when making time and leave entries via ESS, when recording time entries on the Employee Time Report or by the time administrator when making time entries in the system.
- B. **System Leave Offsetting**: The SAP/BEACON system automatically offsets for those leave types subject to offsetting and will apply the rule of first used first offset.
- C. **Manual Leave Offsetting**: The time administrator or employee manually reduces/adjusts the amount of leave applied to an absence based on hours worked in excess of the regular work schedule when making time and leave entries per the rules and standards so that leave is not applied that is not needed and the employee's time entries equal his/her standard for the overtime period.

Example: A 40 hour per week employee works 8 hours on Monday and 8 hours on Tuesday. He/she works 6 hours on Wednesday due to a medical appointment for which he/she would normally apply 2 hours of sick leave. The employee works 9 hours on Thursday and then 8 hours on Friday. To manually offset, the employee would only record 1 hour of sick leave on Wednesday so that total hours for the week equal 40 hours (39 hours of work time and one hour of sick leave).

Example: A 40 hour per week employee works 8 hours on Monday. The employee uses 8 hours of vacation leave on Tuesday. The employee works 6 hours Wednesday with 2 hours applied to sick leave due to a medical appointment. The employee works 9 hours on Thursday and 8 hours on Friday. Since vacation leave was the first leave used during the week, to manually offset, the employee would record 7 hours of vacation leave on Tuesday so that total hours for the week equal 40 hours. (31 hours of work time, 7 hours of vacation leave, 2 hours of sick leave).

System offsetting is the recommended/standard process; however, system issues and policy requirements may require manual offsetting. Management may require employees

within the individual work unit to manually offset. Likewise, employees may manually offset or allow the system to offset, provided management has no rule.

Leave Offsetting and the Overtime Period

- A. Employees with a forty (40) hour work week/overtime period (subject or exempt to FLSA overtime rules):

Leave Offsetting is done within the seven (7) day overtime period.

For example, an employee with a normal 40 hour (5 days/8 hours per day) work schedule works 8 hours on Monday and Tuesday, 6 hours with 2 hours of approved leave on Wednesday, 9 hours on Thursday and 9 hours on Friday. The additional hours worked on Thursday and Friday will be applied to the absence on Wednesday and the 2 hours of approved leave used on Wednesday will be restored to the employees Approved Leave quota.

- B. Employee with a 28 day work cycle:

The entire 28 day overtime period is subject to offsetting.

An employee uses approved leave on day 5 of the 28 day cycle. On day 21, the employee reports to work on what would normally be a scheduled day off. At the end of the 28 day cycle, the employee has more than 160 hours of time worked. The excess above 160 hours is applied to day 5 and the approved leave used on day 5 is restored to the employees leave quota balance. The calculation is completed by the system at the end of the 28 day overtime period and reduces or eliminates the number of overtime hours for which the employee will be compensated.