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| SUBJECT: Deductions from Salary of Exempt Employees | Effective Date: 11/28/2016 | Policy Number: 3-003.3 | |
| | Supersedes: 3-003.2 | Page 1 | Of 3 |
| | Responsible Authority: Associate Vice President and Chief Human Resources Officers | | |

DATE OF INITIAL ADOPTION AND EFFECTIVE 12/1/2004

APPLICABILITY/ACCOUNTABILITY

This policy applies to all exempt employees of the university.

POLICY STATEMENT

Employees who are classified as exempt from the overtime provisions of the Fair Labor Standards Act (FLSA) are paid on a salary basis at a rate intended to compensate the employee for all hours worked during the pay period. While the salary may be subject to review and modification from time to time, the salary will be a predetermined amount that will generally not be subject to deductions based on variations in the quantity or quality of the work performed, except for deductions made in compliance with the requirements of federal, state, or local law, and consistent with any applicable collective bargaining agreement, such as for the withholding of applicable taxes and for voluntary payroll deductions.

The university does not allow deductions from pay that violate the FLSA or reduce wages to less than minimum wage (unless otherwise permissible by federal, state, or local statute).

Partial day or full day deductions from pay are permissible under certain circumstances, including the following:

- for absences from work when an employee has exhausted personal, annual, or sick leave
- to offset amounts employees receive as jury or witness fees or for military pay
- for unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace conduct rule infractions

- in the employee's initial or terminal week of employment if the employee does not work the full week
- for penalties imposed in good faith for infractions of safety rules contained in UCF policy 3-122.2
- for time in which an exempt employee takes unpaid leave under the Family and Medical Leave Act
- for replacement value of unreturned business property
- for overpayment of wages
- to recover unauthorized payments
- for repayment of obligations incurred by the employee relating to their university employment

DEFINITION

Deduction. An employer initiated adjustment to the employee's biweekly base salary pay calculation.

Exempt employee. An exempt employee, in the context of this policy, is any employee of the university who qualifies for an exemption from the overtime requirements of the Fair Labor Standards Act (FLSA).

FLSA. FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in federal, state, and local governments.

Voluntary Payroll Deduction. Any payroll deduction from an employee's salary where the employee has authorized the deduction.

PROCEDURES

Employees are provided an on-line confirmation of pay each pay period. Employees should review this pay confirmation carefully each pay period. If an inaccurate deduction has been made from an employee's salary, the employee or their supervisor must immediately report this information to the university's Payroll Department at (407) 823-2771. Reports of inaccurate deductions will be promptly investigated. If it is determined that the exempt employee's pay has been improperly deducted, the university will take corrective action, including, but not limited to, full reimbursement to the employee during the earliest possible pay period.

The University of Central Florida will not tolerate any form of retaliation against individuals who report a concern regarding the payment of wages, report alleged violations of this policy, or cooperate in the university's investigation of such reports. Any form of retaliation in violation of this policy will result in disciplinary action, up to and including discharge.

CONTACTS

Office of Human Resources, UCF, 3280 Progress Drive, Suite 100 Orlando, FL 32826-3229. Phone: (407) 823-2771.

Payroll Department, Office of Human Resources, UCF, 3280 Progress Drive, Suite 100 Orlando, FL 32826-3229 Phone: (407) 823-2771.

INITIATING AUTHORITY

Vice President for Administration and Finance and Chief Financial Officer

| POLICY APPROVAL (For use by the Office of the President) | |
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| Policy Number: <u>3-003.3</u> | |
| Initiating Authority: <u>Will F. Newberry</u> | Date: <u>11-23-16</u> |
| University Policies and Procedures Committee Chair: <u>Donald L Bishop</u> | Date: <u>11/23/16</u> |
| President or Designee: <u>John C. Hill</u> | Date: <u>11/25/16</u> |

History: 3-003 12/1/2004; 3-003.1 4/21/2010; 3-003.2 2/26/2016