



Staff Compensatory Time

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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The employer may choose to compensate employees for overtime with cash or with time off in the future, called compensatory time. Compensatory time is treated the same as cash payments for overtime. All hours worked in excess of the overtime threshold must be compensated at one and one-half times the employee's normal rate of pay. That pay can be cash, compensatory time, or a combination of the two.

Just as an employer can compensate an employee with one and one-half times the rate of pay for overtime, the employer may also compensate the employee with time at one and one-half times the number of overtime hours worked. Assume that an employee works four hours in excess of the overtime threshold for a given work period. The employer could compensate the employee with six hours of compensatory time ($4 \times 1.5 = 6$), or the employer can compensate with a combination of cash and compensatory time. For instance, the employer could pay straight time for the four hours worked in the example above and add two hours of compensatory time for accrual.

Compensatory time is accrued over time (essentially banked for future use). The employer may not refuse a request by the employee to take the time off unless taking the time off would interfere with the ability of the employer to provide police services. Conversely, the employer may require the employee to take accrued time off, even scheduling the employee to be off using accrued compensatory time.

The maximum amount of time that an employee may accrue is 480 hours for law enforcement officers. Non-law enforcement officers may accrue only 240 hours. Once an employee accrues the maximum number of hours, the employer must compensate for overtime with cash. The employer may set its own maximum at a level less than the federal maximum but cannot exceed the federal maximum.

When an employee separates from employment, he or she must be paid for all accrued overtime at the employee's current rate of pay. The employer cannot take compensatory time away from an employee. The time must be taken off or the employee must be paid for accumulated time. 29 C.F.R. § 553.20.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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