

CITY OF HIBBING
SAFE HARBOR POLICY
EXEMPT, SALARIED EMPLOYEES

1. Purpose: It is the purpose of this Policy to state the intent of the City of Hibbing to accurately, fully and lawfully compensate all employees who are classified as exempt, salaried employees under the Fair Labor Standards Act. This Policy sets forth the requirements for “salaried” status, permissible deductions from weekly salary, and reporting procedure to be followed if a mistake happens.

2. Review Pay Check: The City of Hibbing makes every effort to ensure that exempt, salaried employees are paid correctly in compliance with all applicable state and federal laws. Occasionally an inadvertent mistake can happen. When a mistake happens and is called to our attention, the City of Hibbing will promptly make any necessary corrections. Each employee should review their pay stub when it is received to make sure it is correct. If a mistake has occurred, the employee should report the mistake immediately, using the reporting procedure set forth below.

3. Salaried Status: An employee classified as an exempt, salaried employee will receive a salary which is intended to compensate the employee for all hours worked for the City of Hibbing. The salary is a pre-determined amount that will not be subject to deductions for variations in the quantity or quality of work performed or for absences occasioned by the City of Hibbing or by the operating requirements of the City of Hibbing.

4. Permissible Deductions: Under federal and state law, the salary of an exempt, salaried employee is subject to certain deductions. Permissible reasons for deduction from salary include the following:

- Full day absences for personal reasons other than sickness or disability;
- Full day absences due to sickness or disability where the employee receives sick leave payments or where the employee has not yet become eligible or has exhausted all benefits under the sick leave benefit plan;
- Full day disciplinary suspensions for violation of written workplace conduct rules, but not for performance or attendance problems;
- Full day disciplinary suspensions for violation of safety rules of major significance;
- Family and Medical Leave Act (FMLA) absences (either full or partial day absences);

- To offset amounts received as payment for jury and witness fees, or military pay in the week for which payment is received;
- The first or last week of employment in the event the employee works less than a full week; and
- Other legally permitted or employee-authorized deductions, such as the employee's portion of medical or life insurance premiums, state, federal or local taxes, FICA and Medicare, PERA, garnishments or court-ordered child support income withholding, or voluntary contributions to a deferred compensation plan or Section 125 flexible benefits plan.

Please note: It is not an improper deduction to reduce an exempt, salaried employee's vacation or sick leave accrual for full or partial day absences for personal reasons, sickness or disability.

5. Reporting Procedure: Any exempt, salaried employee who believes an improper deduction has been made from his/her pay should contact the Human Resources Office. If the Human Resources Office is not available, or if the employee has not received a prompt and fully acceptable reply, the employee should immediately report the matter to the City Administrator. It is the policy of the City of Hibbing to respond to any report within five (5) business days after receiving a report of a mistake in pay. Every report will be fully investigated and corrective action will be taken where appropriate. If an improper deduction has occurred because of misconduct or unsatisfactory performance of the person(s) responsible for pay procedures, appropriate disciplinary action will be considered. An employee who has been subject to an improper deduction will be reimbursed in full for the improper deduction.

6. Non-Retaliation: The City of Hibbing will not allow any form of retaliation against an employee who reports an alleged violation of this Policy or who cooperates in the City of Hibbing's investigation of such reports. Any form of retaliation in violation of this policy will be subject to disciplinary action, up to and including discharge.

EFFECTIVE DATE: _____

City Administrator

Date

Adopted: _____