

Compensatory Time Policy

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§ 1. Policy

Employees that are designated as Administrative, Executive or Professional under the Overtime Compensation Policy are exempt from the provision for overtime pay. FLSA Not Subject employees are not entitled to compensatory time. However, the agency head has the discretion to authorize FLSA Not Subject employees to earn compensatory time and decide how compensatory time should be granted using the following provisions.

§ 2. Covered Employees

Full-time and part-time (half-time or more) permanent, probationary, and time-limited employees are eligible for compensatory time.

Temporary and part-time (less than half-time) employees are not eligible for compensatory time.

§ 3. Amount

Compensatory time is awarded at a rate not to exceed the individual's straight-time equivalent rate.

§ 4. Not Cumulative

Compensatory time is not cumulative beyond a twelve-month period.

§ 5. Not Transferable

Compensatory time may not be transferred to another agency.

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§ 6. Separation

Compensatory time is lost when an employee transfers to another agency or is separated from State service. It is the agency's discretion to authorize FLSA Not Subject employees to exhaust compensatory time prior to a known separation, provided granting of the compensatory time is reasonable and will not adversely affect agency operations or agency employees. The employee's separation date may not be moved forward in order to pay for compensatory time. The separation date must be the last day worked. If an agency allows an employee to exhaust some or all of their compensatory time prior to separation, the employee must still work for at least one day after using compensatory time for the date of separation to occur after the use of the compensatory time.

§ 7. Agency Responsibilities

- Agencies may develop their own policy within these guidelines.
- The agency shall establish proper approval procedures for uses of compensatory time.

As a non-binding best practice, OSHR recommends that ordinarily, short uses of compensatory time would be appropriate for approval by the employee's supervisor, but that the agency's chief deputy or a named designee approve any use of large amounts of compensatory time (for example, one month or longer) prior to a known separation.

§ 8. Sources of Authority

This policy is issued under any and all of the following sources of law:

- [N.C.G.S. § 126-4\(5\)](#)

It is compliant with the Administrative Code rules at:

- [25 NCAC 01E .1000](#)

§ 9. History of This Policy

Date	Version
September 1, 1954	Dept. head responsible for decision to grant equivalent time off for compensatory leave – not cumulative beyond a 12-month period.
July 1, 1971	Added reference to the State's overtime compensation policy that

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	designates certain employees as Administrative, Executive or Professional. Employees in these categories are exempt from the provisions for overtime pay.
October 1, 2007	Under the paragraph Amount, added Advisory Note to state that before generating compensatory leave, the BEACON HR/Payroll System will use hours worked in excess of the employee's established work schedule to: <ul style="list-style-type: none"> • pay back advanced leave liabilities owed to the State, • pay back adverse weather liabilities owed to the State, and • offset paid leave hours reported in the same workweek.
July 1, 2008	Title and all references changed from "compensatory leave" to "compensatory time" to standardize the terminology.
September 7, 2017	Policy revised to delete all reference to trainee appointments, per appointment types and career status.
June 4, 2020	The policy statement was reworded. The explanation of part-time covered employees wording changed from "20 hours" to "half-time").
April 18, 2024	Policy revised to clarify compensatory time for FLSA Not Subject employees is not an entitlement. Also, updated to clarify it is the agency's discretion to allow FLSA Not Subject employees to exhaust compensatory time when there is a known separation. Added that the separation date must be the last day worked. This means if an agency allows an employee to exhaust some or all of their compensatory time prior to separation, the employee must still work for at least one day after using compensatory time for the date of separation to occur after the use of the compensatory time. Added an Agency Responsibilities section.