I. Title
Fair Labor Standards Act regarding Deductions from Salary of UTMB Exempt Employees

II. Policy
Certain employees of UTMB are classified as “exempt” under the overtime provisions of the Fair Labor Standards Act of Texas Government Code by virtue of their job duties and level and type of compensation. Generally, these employees are compensated with a fixed salary paid on a weekly, biweekly or monthly basis. UTMB exempt employees’ salaries are intended to include compensation for all hours worked. UTMB pays its exempt employees on a salary basis and will not make deductions that are prohibited by the Fair Labor Standards Act or Texas Government Code.

UTMB strictly prohibits retaliation against any employee for making a complaint of violation of this policy or for participating in the investigation of such a complaint. Employees who engage in retaliation in violation of this policy will be subject to discipline, up to and including termination of employment.

III. Permissible Deductions from Salary
A. Principles of public accountability, which apply to state governmental units such as UTMB, permit certain deductions from an exempt employee’s salary while prohibiting others.

B. Pay may be docked from an exempt employee’s salary under the following circumstances:
1. One or more full day absences for personal reasons, other than sickness and disability.
2. One or more full day absences because of sickness or disability (including work-related accidents) if such deductions are made under a bona fide plan, practice or policy of providing compensation for loss of salary occasioned by such sickness or disability.
3. Offset any amounts received by an employee as jury fees, witness fees or military pay.
4. Penalties or suspensions imposed in good faith for violations of safety rules of major significance.
5. Unpaid disciplinary suspensions of one or more full days imposed in good faith for violations of written workplace conduct rules.
6. Portions of the first and last weeks of employment that an employee does not actually work.
7. Unpaid leave under the Family and Medical Leave Act (FMLA), including intermittent or partial day leave.
8. An exempt employee need not be paid for any work week in which he or she does no work at all.
9. Under the accrued leave policy for absences, including absences less than a full day, for personal reasons, sickness, disability or injury when accrued leave is not used because: (i) permission for its use has not been sought or was denied; (ii) accrued leave has been exhausted; or (iii) the employee chooses to use leave without pay.
C. Deductions from an exempt employee’s salary for variations in the quality and quantity of work are not permitted.

IV. Improper Deductions from Salary
   A. Improper deductions are a serious violation of UTMB policy. UTMB encourages all employees to report any alleged improper deductions from an exempt employee’s salary immediately and pursuant to the complaint procedure described below.

   B. If an exempt employee believes that improper deductions have been made from his or her salary, the employee should immediately contact his/her Human Resources representative or the Office of Institutional Compliance.

V. Complaint Procedure
   Upon receiving a complaint, UTMB will conduct a prompt investigation of the alleged improper deduction from salary. UTMB will take corrective action when it has reason to believe that, based on its investigation; there has been a violation of this policy. UTMB may impose appropriate disciplinary measures upon any employees responsible for the improper salary deductions. If UTMB finds that improper deductions were made from an exempt employee’s salary, UTMB will reimburse the employee for the improper deductions and will renew its commitment, in good faith, to comply with the requirements of this policy in the future.

VI. Questions or Concerns from Employees
   If an employee has a question regarding this policy or how it relates to vacation, holiday, disability or any other leave or any company benefits and policies, the employee should consult his/her Human Resources representative.

VII. Definitions
   UTMB Personnel: All faculty and staff.

VIII. Dates Approved or Amended

| Originated: 10/17/2008 |
| Review with Changes: 09/07/2012 |
| Without Changes: 06/28/2016 |

IX. Contact Information
   Human Resources – Compensation
   (409) 772-4454