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better than tired, burned out employees. Your employees value their time, and you...

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What is Compensatory Time Off?

By Mike Kappel

It's essential for your employees to have time away from work. They need to spend time with their families and follow their interests. And, rested employees will perform better than tired, burned out employees. Your employees value their time, and you should value it, too.

When employees work extra hours, you might want to give them extra time off, known as comp time. However, comp time is illegal in many situations.

So, what is comp time, who can use it, and when is it legal and illegal?

What Is Comp Time?

Comp time, or compensatory time off, is time off you give employees for working overtime hours instead of paying **time-and-a-half** overtime wages. Overtime hours are typically any hours an employee works beyond 40 hours in a week.

You cannot offer comp time to all employees. You can only give comp time to nonexempt employees in the public sector. You cannot give comp time to **nonexempt employees** at a private, non-governmental business.

Let's say you have a private business. You have a nonexempt employee who works 56 hours in a workweek. Instead of paying 16 hours worth of overtime wages to the employee, you give them comp time the next week. In this case, you probably

violated FLSA comp time laws. Instead, you should have paid the employee overtime

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laws also ensure employees are fairly compensated for the work they do.

What if employees agree to comp time?

So, what if you and your private, nonexempt employees agree to comp time instead of overtime wages? Comp time is still illegal. You cannot give your employees comp time even if it is mutually agreed to.

Alternatives to comp time

Most small business owners cannot offer comp time. So, what can you do instead when a nonexempt employee works extra hours?

If an employee works extra hours earlier in the [workweek](#), you might be able to rearrange the employee's work schedule for that week. For example, the employee works 10 hours instead of eight on Monday. You might permit the employee to leave two hours early on Friday. The time off must take place in the same workweek; otherwise, you still need to pay overtime wages.

By adjusting an employee's hours in the same workweek, the employee doesn't work extra hours, and you don't have to pay overtime wages. However, this might not work if your business is in a location that requires you to pay overtime wages once an employee works more than a certain number of hours in a day.

In most cases, you will have to pay overtime wages to your employees when they work overtime hours. Let's say you have an employee whose regular rate of pay is \$10. For overtime wages, the hourly overtime rate is \$15 ($\10×1.5). If that employee works 10 hours of overtime, you would owe the employee \$150 for the extra time worked.

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