Wage and Hour Division, Labor  

§ 541.710  
Employees of public agencies.  

(a) An employee of a public agency who otherwise meets the salary basis requirements of §541.602 shall not be disqualified from exemption under §§541.100, 541.200, 541.300 or 541.400 on the basis that such employee is paid according to a pay system established by statute, ordinance or regulation, or by a policy or practice established pursuant to principles of public accountability, under which the employee accrues personal leave and sick leave and which requires the public agency employee’s pay to be reduced or such employee to be placed on leave without pay for absences for personal reasons or because of illness or injury of less than one work-day when accrued leave is not used by an employee because:  

(1) Permission for its use has not been sought or has been sought and denied;  
(2) Accrued leave has been exhausted; or  
(3) The employee chooses to use leave without pay.  

(b) Deductions from the pay of an employee of a public agency for absences due to a budget-required furlough shall not disqualify the employee from being paid on a salary basis except in the workweek in which the furlough occurs and for which the employee’s pay is accordingly reduced.