

APK - 6 1995

This is in response to your letter concerning an opinion you received from our Regional Administrator in San Francisco concerning the "salary basis" requirement under the white collar exemptions. At issue is whether an employer may make deductions from an exempt employee's leave bank for days when the employee is instructed by the employer not to report to work because of budgetary constraints. You state that under no circumstances will an exempt employee's weekly salary be reduced because of such deductions from his or her leave bank.

It is our opinion that the requirement that an exempt white collar employee be paid on a "salary basis" will be met under the circumstances described above. We trust that this satisfactorily responds to your inquiry.

Sincerely,

Maria Echaveste
Administrator