



Montana Nonprofit Association

Compensatory Time

A plain language explanation

Essentially, within the nonprofit sector, compensatory time is not allowed. The Wage and Hour Unit of the Montana Department of Labor enforces provisions of the Montana Wage Payment Act, minimum wage and overtime law – they have reviewed and approved this statement’s accuracy.

If an employee is exempt and salaried, the employer must simply pay their salary no matter the number of hours worked beyond 40 hours.

If an employee is salaried, but **not** exempt, they must be paid 1.5 times their regular rate of pay for time worked over their 40 hours, and they must be paid in the pay period the overtime was worked.

The source of confusion surrounding compensatory time in the nonprofit sector, may stem from the fact that Governmental Agencies, **or** 501(c)(3) organizations whose employees pay into the Public Employee Retirement Program, **may** offer their employees Compensatory Time. No private nonprofit can provide compensatory time to their employees under any circumstances.