

Crafting Your Footprint: Interpreting Exempt vs Non-Exempt and Calculating Blended Rates



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Overview



- ▶ FLSA Background
- ▶ Exempt vs Non-Exempt
- ▶ Calculating Overtime
- ▶ Calculating Blended Rates

Fair Labor Standards Act (FLSA)

U.S. Federal Law enacted in 1938 to prohibit employers from taking advantage of employees. U.S. Department of Labor (<http://www.dol.gov>) oversee the FLSA.

FLSA Provisions

- ▶ Exempt vs Non-Exempt
- ▶ Child Labor
- ▶ Minimum Wage
- ▶ Overtime Pay
- ▶ Equal Pay
- ▶ Record Keeping

Exempt vs Non-Exempt



Exemptions Based on Three Tests

- ▶ Salary Basis
- ▶ Salary Level
- ▶ Job Duties

Salary Basis

Fixed salary with no reduction due to quality or quantity of work performed.

Salary Level

- ▶ \$684 per week
- ▶ \$2,964 per month
- ▶ \$35,568 per year
- ▶ \$17.10 per hour based on 40 hours per week

Job Duties

- ▶ Executive
- ▶ Administrative
- ▶ Education Establishments & Administrative
- ▶ Professional
- ▶ Computer-Related

The most common FLSA minimum wage and overtime exemption is called the “EAP” or “white-collar” exemption.

- ▶ Executive Employees
- ▶ Administrative Employees
- ▶ Professional Employees

“White Collar” Exemption: Executive Job Duties

- ▶ Primary duty is management
- ▶ Directs work of two or more employees
- ▶ Recommendations as to hiring, firing, promotion, change of status, given particular weight

“White Collar” Exemption: Administrative Job Duties

- ▶ Office or non-manual work directly related to the management or general business operations
- ▶ Exercise of discretion and independent judgment in matters of significance

“White Collar” Exemption: Professional Job Duties

- ▶ Advanced knowledge in field of science or learning
 - ▶ Teachers

Three Tests Summary



Must meet are three tests to be an exempt employee.



Non-Exempt Employees



Minimum Wage



Federal Minimum Wage is \$7.25 per hour

State Minimum Wage

- ▶ West Virginia \$8.75
- ▶ Arkansas \$11.00
- ▶ Florida \$12.00
- ▶ Virginia \$12.00

Overtime Pay

1½

Overtime pay for non-exempt employees is **1.5 times** the regular rate of pay for all hours over 40 hours in a work week.
(Example: \$10.00 per hour, then overtime rate is \$15.00 per hour over 40 hours in a work week).

FLSA Not Required

- ▶ Sick Leave
- ▶ Personal Leave
- ▶ Vacation
- ▶ Holidays

Rest and Meal Periods

- ▶ Short breaks are paid
- ▶ Meals periods of ≥ 30 minutes are not paid
- ▶ Employees must be completely relieved of duty for meal period not to be paid time.

Dual Jobs

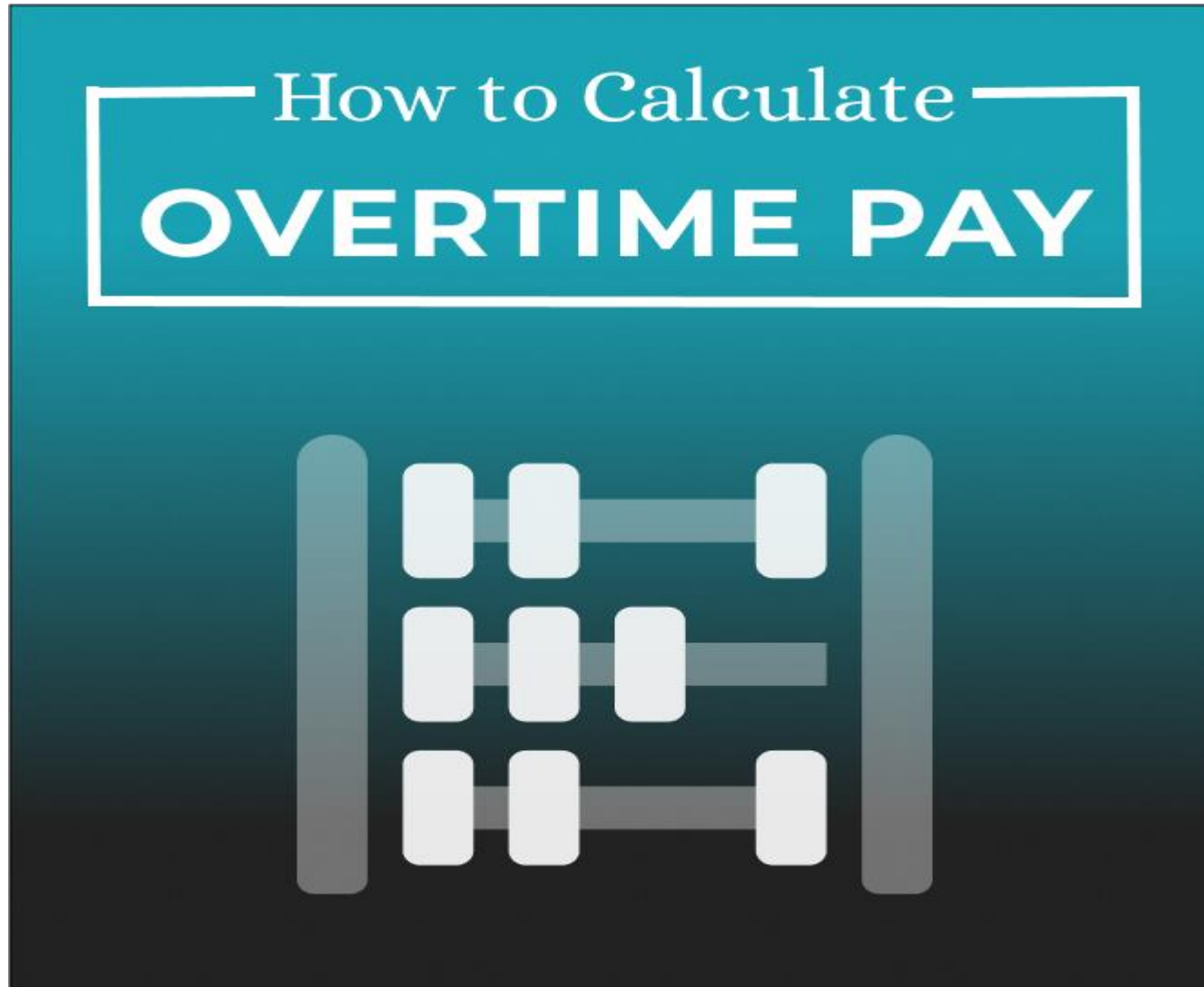
Employee has more than one job with different rates of pay. (Example: Bus Driver at \$20.00 per hour and Cafeteria Worker at \$12.00 per hour.)

Record Keeping



Employer is responsible for record keeping of all hours worked for employees.

Calculating Overtime



Cafeteria worker

45 hours

\$10.00 per hour

40 hours ($40 * \$10.00$)	\$400.00
5 OT hours ($5 * (\$10 * 1.5 = \$15)$)	<u>\$ 75.00</u>
Total earnings for the week	\$475.00

or

45 hours ($45 * \$10.00$)	\$450.00
5 OT hours ($5 * (\$10 * 0.5 = \$5)$)	<u>\$ 25.00</u>
Total earnings for the week	\$475.00

Mechanic

52 hours

\$20.00 per hour

40 hours (40 * \$20.00)	\$800.00
12 OT hours (12*(\$20*1.5=\$30))	<u>\$360.00</u>
Total earnings for the week	\$1,160.00

or

52 hours (52 * \$20.00)	\$1,040.00
12 OT hours(12*(\$20*0.5=\$10))	<u>\$ 120.00</u>
Total earnings for the week	\$1,160.00

Calculating Blended Rates



Bus Driver

20 hours

\$19.00 per hour

Cafeteria worker

35 hours

\$12.50 per hour

55.00 total hours worked for the week

Step 1: Calculate straight-time earnings

20 hours (20 * \$19.00) \$380.00

35 hours (35 * \$12.50) \$437.50

Total straight-time earnings \$817.50

Step 2: Calculate the regular rate of pay

\$817.50 / 55 hours = \$14.86 per hour

Step 3: Calculate the overtime premium pay

$\$14.86$ regular rate * 0.5 * 15 overtime hours = $\$111.45$ additional half-time pay

Step 4: Add straight-time earnings and the additional half-time pay

Straight-time earnings	\$817.50
Additional half-time earnings	<u>\$111.45</u>
Total Earnings for the week	\$928.95

Bus Driver

20 hours

\$65.00 per day

\$16.25 per hour

Teacher Assistant

37.50 hours

\$11.50 per hour

After School Tutor

6 hours

\$15.00 per hour

63.50 total hours worked for the week

Step 1: Calculate straight-time earnings

20 hours (20 * \$16.25) \$325.00

37.5 hours (37.5 * \$11.50) \$431.25

6 hours (6 * \$15.00) \$ 90.00

Total straight-time earnings \$846.25

Step 2: Calculate the regular rate of pay

\$846.25 / 63.5 hours = \$13.33 per hour

Step 3: Calculate the overtime premium pay
 $\$13.33$ regular rate * 0.5 * 23.5 overtime hours = $\$156.63$ additional half-time pay

Step 4: Add straight-time earnings and the additional half-time pay

Straight-time earnings	\$ 846.25
Additional half-time earnings	<u>\$ 156.63</u>
Total Earnings for the week	\$1,002.88

FLSA Overtime Calculator Advisor

<https://webapps.dol.gov/elaws/otcalculator.htm>



DOL Timesheet App

- ▶ Employer and employee options
- ▶ Calculates pay automatically
- ▶ Records work hours simply and quickly

<https://www.dol.gov/agencies/whd/timesheet-app>



Questions

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