

Changes to Federal Overtime Rules Effective December 1, 2016

On May 18, 2016 the Department of Labor (DOL) announced its changes to the Fair Labor Standards Act (FLSA) “white collar” overtime exemption rules. The final rule strengthens protection for workers by increasing the standard salary level for qualification for overtime exemption from \$455 per week (\$23,660 per year) to \$913 per week (\$47,476 per year). There were no changes to the professional duties test to determine if individuals earning at least the standard level qualify for exemption. Practical implications of these rules are:

1. Churches and other employers should carefully review the employment classification of all staff to ensure employees are properly classified as exempt or non-exempt. This should include the review of each job description to make sure position duties and responsibilities are accurately described. This flow chart may be helpful as you determine which positions are eligible for exempt status <https://www.shrm.org/ResourcesAndTools/tools-and-samples/hr-forms/Documents/FLSAExemptionFlowchart.pdf>
2. Churches should review budgetary plans to ensure that funding is in place for overtime expected to be due to any non-exempt employees.
3. Appropriate time records should be kept for all non-exempt employees and payment should be made for hours worked in accordance with the FLSA. Expected hours to be worked and pay rates may need to be evaluated to ensure required tracking can be done and corresponding payment can be made.

Though there is no exemption for clergy included in the FLSA, some courts have held that the FLSA does not apply to clergy employees. Specific attention should be given to the applicability of these rules to lay employees of the church.

Resources are available to churches to assist in understanding the new rules and application of the rules in local scenarios. Some of these resources are as follows:

- A **white paper** from the Legal Department of the General Council on Finance and Administration (GCFA) summarizing the rule changes.
- Access to a computer program through GCFA that will allow churches to enter information about an employee on-line and receive a suggestion of the correct employee classification. This service is available at a cost of \$60 per evaluation

done through the program. Email treasureroffice@wisconsinumc.org for a referral to the service provider for assistance.

- A **Frequently Asked Questions** website from the DOL listing almost 50 questions about the changes and the applicability of those changes to employers. Answers to questions like these, and many more, can be found **here**:
 - **What determines if an employee falls within one of the white collar exemptions?**
 - **How will employers implement the updated salary level requirement established in this Final Rule?**
 - **I'm paid a salary. Am I exempt from overtime pay?**
 - **Will newly overtime-eligible employees have to record their hours on a daily basis or "punch a time clock"?**
- A **Fact Sheet** from the DOL giving details of the impact of the new rules on non-profit organizations like churches.
- Fact sheets from the DOL to help employers determine exemption based on job duties tests for **executives, administrative, professional, sales** and **computer** employees.