

# POLICY ALERT

November, 2016

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## POLICY UPDATE: 2016

### OVERTIME COMPENSATION

Effective December 1, 2016, new federal rules will govern overtime compensation standards used by School Boards. Unless specifically exempted, the Fair Labor Standards Act provides that employees must be paid overtime for hours worked in excess of 40 hours in a workweek. The basic rule changes, for the most part, impact those employees that would be classified as *exempt*, or someone who would not be eligible to be paid overtime.

One factor in determining whether an employee should be paid overtime is the employee's salary. To be classified as *exempt*, the salary of an employee who is performing qualified executive, administrative, or professional duties has been increased, and the employee must now make more than \$913 per week (the equivalent of \$47,476 annually). Any employee whose salary is below this threshold would be classified as *non-exempt*, thereby earning overtime pay for any hours worked over 40 in a workweek. Despite the increase in salary level, *teachers* still remain classified as *exempt*.

While policy *GBAA, Compensation Guidelines/Overtime* already includes language sufficient to accommodate the new regulations for paying overtime to eligible employees, each School Board will need to assess the relative exemption criteria for each employee.

Of note is that the U.S. Department of Labor will begin automatically updating the salary and compensation levels every 3 years, beginning January 1, 2020. This change will require School Boards to re-evaluate the relative exemption status of employees, resulting in any financial changes coming at the middle of the fiscal (budget) year.

Happy  
Thanksgiving!



### Policies In This Issue:

- Compensation Guidelines/Overtime