

A Letter from Ned and Brooke

New Overtime Regulations

The “White Collar” Final Rule under the Fair Labor Standards Act (FLSA) was issued this spring and will take effect December 1, 2016. Many of these changes will affect how schools are paying their employees. The following are some of what the new regulations will involve.

1. Increase by a little more than double the minimum salary level for exempt “white collar” employees from \$455/week (\$23,660/year) to \$913/week (\$47,476/year).
2. Raise the highly compensated employee (HCE) threshold from \$100,000 to \$134,004.
3. Automatically update every three years: (1) the minimum salary level to the 40th percentile of full-time salaried workers in the lowest income region of the country (currently the South) and (2) the HCE threshold to the 90th percentile of full-time salaried workers nationally.

These changes did not include any modifications to the existing requirements of Administrative, Executive, or Professional that must be met in order for these individuals to be exempt from the FLSA overtime pay requirements. To qualify for these exemptions, all of the criteria must be met in each category.

Please don't hesitate to call if you have any questions.



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THINGS TO KNOW

Time keeping requirements:

Schools are required to keep track of the wages paid to non-exempt employees and the hours worked by that employee. There is no specific form that is required. It is recommended that the school collect and keep the following information:

- Total hours worked each day.
- Day and time when they worked each week.
- Hourly pay rate and overtime pay rate.



Brooke Rossi and Kerri Rawcliffe with
Bob Mancini, President of RISCPA at the
RISCPA Fall Networking Event



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Return Service Requested

The following are general rules regarding the new overtime regulations:

EXEMPT, the following titles are not subject to the overtime rules of the FLSA regulation.

- Most administrators (Head of School, Department Heads and Academic Counselors) are exempt because they fall under the Executive exemption: directing the work of at least two other full time employees and having the authority to hire and fire other employees.
- Teachers include regular academic teachers, kindergarten or nursery school teachers, teachers of gifted or disabled children, professors, adjunct instructors, teachers of skilled and semi-skilled trades and occupations, home economics teachers and vocal or instrument music teachers are exempt.
- Faculty members who are engaged as teachers but also coach athletic teams or serve as advisors for clubs like drama are still considered to be teachers, therefore are exempt.

NONEXEMPT, the following titles are subject to the overtime rules of the FLSA regulation.

- Although a preschool may engage in some educational activities, preschool employees whose primary duty is to care for the physical needs of the facility's children would not meet the requirements for the exemption as a bona fide teacher, therefore are nonexempt.
- Employees such as school secretaries, bus drivers, lunch room workers, library aides, and maintenance personnel are most likely nonexempt from the Act.