

SALARY GUIDES – EXEMPT EMPLOYEES

Note: The Fair Labor Standards Act (FLSA) is a federal law that requires most employees in the United States to be paid at least the federal minimum wage for all hours worked, and overtime pay at time and one-half the regular rate of pay for all hours worked over 40 hours in a workweek. However, Section 13(a)(1) of the FLSA provides an exemption from both minimum wage and overtime pay for employees employed as bona fide executive, administrative, or professional employees. Sections 13(a)(1) and 13(a)(17) also exempt certain computer employees. To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than \$455 per week. These salary requirements do not apply to teachers. Exempt computer employees may be paid at least \$455 on a salary basis or on an hourly basis at a rate not less than \$27.63 an hour. Job titles do not determine exempt status. In order for an exemption to apply, an employee's specific job duties and salary must meet all the requirements of the Department of Labor's regulations.

The Board is committed to compliance with the salary basis requirements of the Fair Labor Standards Act. Improper deductions from the salaries of exempt employees are prohibited.

(cf. BP 4253 Overtime Pay/Compensatory Time Off)

Salary Basis Requirement

An exempt employee must meet certain tests regarding their job duties and be paid on a salary basis. Being paid on a "salary basis" means an employee regularly receives a predetermined amount of compensation each pay period on a weekly, or less frequent, basis. The predetermined amount cannot be reduced because of variations in the quality or quantity of the employee's work. Subject to exceptions listed below, an exempt employee must receive the full salary for any workweek in which the employee performs any work, regardless of the number of days or hours worked. Exempt employees do not need to be paid for any workweek in which they perform no work.

Permissible Deductions

Note: Under 2004 amendments to the federal regulations, employers can dock pay of exempt employees, without losing their exempt status, for disciplinary suspensions for one or more full days if employees break workplace conduct rules. To be able to take advantage of this provision, employers *must* adopt a written policy applicable to all employees that states that violating workplace conduct rules may result in a suspension.

Deductions from pay are permissible when an exempt employee: is absent from work for one or more full days for personal reasons other than sickness or disability; for absences of one or more full days due to sickness or disability if the deduction is made in accordance with a bona fide plan, policy or practice of providing compensation for salary lost due to illness; to offset amounts employees receive as jury or witness fees, or for military pay; or for unpaid

All Personnel BP 4151(b)

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disciplinary suspensions of one or more full days imposed in good faith for violations of District policies or procedures. The district is not required to pay the full salary in the initial or terminal week of employment; for penalties imposed in good faith for infractions of safety rules of major significance, or for weeks in which an exempt employee takes unpaid leave under the Family and Medical Leave Act. In these circumstances, either partial day or full day deductions may be made.

Complaint Procedure for Improper Deductions

Note: Under the 2004 safe harbor provision, employers will not lose exempt status for employees as a result of improper deductions, so long as several steps are taken. First, your district must have a clearly communicated policy prohibiting improper pay deductions. Second, the policy must contain a complaint procedure. Third, if an employer makes an improper deduction, it must reimburse employees for the improper deduction and make a good faith commitment to comply in the future. Finally, if the employer “willfully” violates the policy by continuing to make improper deductions after a complaint, it will lose exempt status for all employees in the same job classification working for the same managers responsible for the improper deductions for the time period in which the improper deductions were made.

If you believe that an improper deduction has been made to your salary, you should immediately report this information to your direct supervisor, or to the business manager.

Reports of improper deductions will be promptly investigated. If it is determined that an improper deduction has occurred, you will be promptly reimbursed for any improper deduction made.

Legal Reference:

Fair Labor Standards Act, 29 U.S.C. § 201, et seq.

Added 12/04

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
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