




Department of Human Resources

INTER-OFFICE COMMUNICATION

Date: AUGUST 24, 2016
TO: Theodore Lipscomb, Chairman, Milwaukee County Board
James Schmitt, Chairman, Personnel Committee
FROM: Mike Blickhahn, Director Compensation and HRIS 
SUBJECT: Request for information on 2016 Fair Labor Standards Act changes

During the July 2016 meeting of the Milwaukee County Personnel Committee a request was made for the Human Resource Department to provide an informational report on the positions affected by the December 1, 2016 revisions to the Fair Labor Standards Act. This memo is in response to that request.

Summary

The Fair Labor Standards Act of 1938 (abbreviated as FLSA) is a federal statute that attempted to standardize the treatment of employees regarding wage and hour issues. The FLSA introduced the forty-hour work week, established a national minimum wage, guaranteed "time-and-a-half" for overtime in certain jobs, and prohibited most employment of minors in "oppressive child labor," a term that is defined in the statute. Out of it also grew the concept of positions being either non-exempt (hourly and must be paid overtime) or exempt (paid a fixed amount based on required work regardless of time worked).

The rules that help define a position as exempt or non-exempt are based, with a few exceptions, on a series of "tests." Among these tests is a wage threshold, which means that all positions paid below this wage must be paid on a non-exempt basis (hourly and eligible for overtime). This annual wage threshold is currently at \$23,660 and has not changed for several years. In the spring of this year it was announced that effective December 1, 2016 the new annual threshold will be \$47,476.

Process

In response to the announced changes, the Compensation Division has been working with department leaders to prepare for the December 1 change. The steps undertaken include:

- 1) Develop a list of all exempt positions with annual salaries below \$47,476 that will potentially be affected by the change
- 2) Work with department heads in each area to further review the FLSA "tests" to determine the final group of positions that needs to be addressed

Once determined that a position needs to have its exemption status changed, we have two options:

- (1) Change the position to non-exempt; or,
- (2) Determine if the position's responsibilities warrant placement on a grade with a starting salary above the new threshold, and move the position to the new grade in order to maintain the exempt status

Results

Over the past few months the Compensation Division has been following the process above and working with department heads to identify the positions that need to be addressed and develop a plan for addressing each. The attached exhibit details the positions that have been determined to need some sort of a change. If the position needs to be re-classified as part of this process, these changes will be submitted on the informational report in October of this year. For positions that will change from exempt to non-exempt, the Compensation Division will collaborate with the Department and the Payroll Division to implement these updates and communicate appropriately to employees.

Potential Costs

There are limited possibilities for potential costs with these changes. These costs would either arise from the positions that are being changed to non-exempt incurring overtime, or the potential reclassification of a few positions to higher pay grades. The reclassifications will not be complete until revised JEQ's are received, they will be submitted on the October informational report.

cc: Chris Abele, County Executive
Raisa Koltun, County Executive's Chief of Staff
Kerry Mitchell, Chief Human Resources Officer
Scott Manske, Comptroller
Steve Kreklow, Director of Performance, Strategy & Budget
Sue Drummond, Payroll Manager