

Meeting Date
November 15, 2016



AGENDA	
Section	Consent
Item No.	II C 1

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	County Pay and Classification Plan – FLSA Revision
DEPT/OFFICE:	Office of Human Resources

Requested Action:

Request that the Board of County Commissioners approve the recommended changes to the Brevard County Pay and Classifications Plan upon implementation of new DOL overtime rules.

Summary Explanation & Background:

Effective December 1, 2016, The United States Department of Labor (DOL) is scheduled to implement new rules that govern executive, administrative and professional employees' (white collar workers) overtime pay protection. DOL established a Standard Salary level at the 40th percentile of weekly earnings for all executive, administrative and professional full-time salaried workers at \$913 per week (\$47,476 annually), which is an increase from the current standard salary level of \$455 per week (\$23,600 annually). Employees with salaries below the DOL Standard Salary will be considered overtime eligible under the new rules.

With the salary threshold increase, some employees who currently meet the Fair Labor Standards Act (FLSA) Standard Test to be exempt from overtime rules (traditionally considered salaried employees) will no longer be eligible for that exemption based upon the Compensation Component (salary threshold). This change will affect approximately 132 Brevard County employees currently classified as overtime-exempt and make them overtime eligible.

In addition, the modified rules provide that the standard salary and compensation levels will be automatically updated every three (3) years beginning in 2020 based on the 40% level in the lowest wage census region for standard salary (based on wage growth).

Human Resources has conducted an analysis of the Pay and Classification Plan and reviewed our current listing of overtime exempt personnel. The following was identified:

- There were 450 overtime-exempt employees on Payroll at the time of this analysis:
 - 132 employees, all in pay grades 8110, 8120, 8130 and 8140, are currently overtime exempt and have salaries below the \$47,476 minimum annual salary. These employees will become overtime eligible under the new DOL rules.
 - 73 employees, all in pay grades 8110, 8120, 8130 and 8140, are currently overtime exempt but have salaries above the new \$47,476 DOL threshold.
 - Pay grades 8110, 8120, 8130 and 8140 all have an established minimum salary below \$47,476 when factoring the FY 2016/17 1.5% COLA.

To remain in compliance with DOL updates, Human Resources makes the following recommendation:

In keeping with Brevard County's past and current practice that employees working under the same job title, in the same pay grade, regardless of their current salary, will be consistently classified for overtime purposes, Human Resources recommends we assign an overtime eligible/hourly status to Pay Grades 8110, 8120, 8130, and 8140 as these pay grades all have an established minimum salary below the DOL Standard Salary of \$47,476 when factoring the FY 2016/17 1.5% COLA. As a result, 205 employees would become overtime eligible in compliance with DOL mandates and we would address potential morale and equity issues within the workforce if two similarly situated employees were treated differently (one overtime eligible and the other exempt based on salary thresholds) for doing the same job.

Fiscal Impact:

Based on an analysis of prior years' overtime utilization (developing an average number of overtime hours paid per overtime eligible employee) multiplied by the average hourly rate for 205 newly overtime eligible employees, the projected overtime costs for 205 additional overtime eligible employees could approach \$351,115. In order to control overtime expenses and minimize any potential overtime impact on budgets, Merit Policies require all overtime to be pre-approved by a supervisor based on operational needs. In response to the FLSA requiring employees to be paid for all overtime worked, even if it was not authorized, Human Resources is conducting additional supervisory training to improve FLSA compliance throughout the organization in an effort to further mitigate this exposure.

The proposed changes to the Brevard County Pay and Classification Plan will only be required if the Department of Labor / FLSA overtime regulations go into effect as scheduled on December 1, 2016. There is a possibility that pending legal action may block the DOL from implementing these new rules as currently proposed. If these regulations do not go into effect on December 1, 2016 as currently scheduled, the proposed changes to Brevard County's Pay and Classification Plan will not be made.

Clerk to the Board Instructions:

Exhibits Attached:

Contract /Agreement (If attached): Reviewed by County Attorney Yes No PR

County Manager	Assistant County Manager	Department Director / Extension
Stockton Whitten	Frank Abbate 	Jerry Visco  Office of Human Resources Director / 55446



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November 16, 2016

MEMORANDUM

TO: Jerry Visco, Human Resources Director

RE: Item II.C.1., Approval of Recommended Changes to the Brevard County Pay and Classification Plan Upon Implementation of New Department of Labor (DOL) Overtime Rules – Fair Labor Standards Act (FLSA) Revision

The Board of County Commissioners, in regular session on November 15, 2016, approved the recommended changes to the Brevard County Pay and Classification Plan upon the implementation of the new DOL overtime rules meeting the FLSA.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe, Deputy Clerk

/ds

cc: Finance
Budget