

MARTY K. LAWING
County Manager



GUILFORD COUNTY ADMINISTRATIVE OFFICES

October 14, 2016

TO: Guilford County Board of Commissioners

FROM: Marty K. Lawing, County Manager

RE: Work Session on FLSA New Overtime Regulations

On May 18, 2016, the final rule on the new FLSA overtime regulations were released. The final rule raises the salary threshold for an employee to be exempt from overtime from \$455 a week (\$23,660 for a full-year worker) to \$913 a week (\$47,476 for a full-year worker), effective December 1, 2016. To remain exempt, the duties of a position must meet the exemption tests and the pay rate must meet the new minimum threshold

County Administration, and the Human Resources Department, have worked with the department directors that have employees impacted by the new rules to determine the most appropriate and cost effective modifications to make to become compliant with the FLSA changes. Currently, there are 307 positions in 14 county departments that are classified as exempt that are impacted by the FLSA changes. Staff is recommending that 251 employees in 34 positions remain exempt and 56 employees in 13 positions be reclassified to non-exempt.

Of the 251 employees recommended to remain exempt, 108 are currently below the new threshold of \$47,476 and are recommended for a salary adjustment equal to the new threshold or above to maintain salary equity. The net cost after reimbursements for Social Services employees to increase these employees base salary is \$195,009. Of the 56 employees moving from exempt status to non-exempt status, 4 of the positions are recommended for salary adjustment.

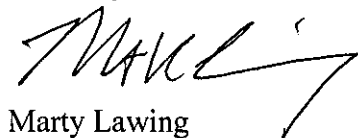
Staff is recommending to establish a new grade for Environmental Health Specialist Trainees and a starting salary of \$43,500. Upon successful completion of the two-year certification process Environmental Health Specialist would be reclassified to exempt and move to the new minimum exempt salary of \$47,476.

Directors in each department that will have employees reclassified to non-exempt will work with supervisors to minimize overtime worked by these employees. Based on historical overtime hours worked, the estimated cost of overtime for these non-exempt employees would be approximately \$200,000.

The attached spreadsheets include all of the employees and positions impacted by the new FLSA rules. The positions highlighted in green are those positions that are recommended to remain exempt. Additional information includes actual current salary, and the amount to bring the salary to the new threshold or another target based on equity. Positions highlighted in pink are those positions that are recommended to be reclassified from exempt to non-exempt.

The projected annual cost of the salary adjustments to meet the new exempt threshold is \$230,734 including benefits, and the budgetary impact for the final seven months of FY 2017 is approximately \$134,594, plus the overtime incurred by the positions reclassified to non-exempt.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marty Lawing', with a stylized flourish at the end.

Marty Lawing
Guilford County Manager