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The Fair Labor Standards Act (FLSA) is a federal law that addresses how employers classify and pay employees. Below please find a summary of definitions to help classify your employees as exempt or non-exempt and salaried or hourly, in compliance with the FLSA. Please contact the Department of Human Resources for additional guidance and support. Please also note that misclassifying an employee as exempt can result in fines and back-pay of missed overtime.

Classification Exemptions

Exempt Employees: Exempt employees are excluded or 'exempt' from FLSA minimum wage and overtime requirements. To be classified this way, an employee must be paid on a salary basis, meet a salary threshold of \$35,568 annually AND meet a duties test under an executive, administrative, or professional level exemption.

The exemptions are:

Executive Exemption: This typically includes employees who are in charge of business operations or managing other employees. They have the authority to hire, fire or promote, or at least their recommendations in these areas are given substantial consideration.

Professional Exemption: This involves employees who perform work requiring advanced knowledge in a field of science or learning, usually obtained through a prolonged course of specialized intellectual instruction. It can also involve work requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor.

Administrative Exemption: This is applicable to employees who perform office or non-manual work that is directly related to management or general business operations. They must also have the authority to exercise discretion and independent judgment on significant matters.

Job titles alone do not determine the exempt status of an employee. The specific duties and salary of the employee must meet federal requirements. Note: The minimum salary requirement does not apply to teachers.



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Non-Exempt Employees: A non-exempt employee means that the employee is not excluded or 'not exempt' from the FLSA regulations including minimum wage and overtime. The employee would not meet either or both of the salary threshold or duties test exemption criteria above. Examples of non-exempt roles could be: Office Helper, Secretary, Teacher Aide, etc.

Hourly: Hourly employees are non-exempt and are paid on an hourly basis for the actual number of hours worked. The employee must be paid at least minimum wage for all hours worked and paid at an overtime rate of one and one half the base rate for all hours worked over 40 hours per week. Hourly employees should track their time either electronically or with a paper timesheet that is turned in to their supervisor on a weekly basis.

Salaried: Generally speaking, salaried employees are considered exempt if they meet the salary threshold and duties test criteria above and they are paid at a fixed rate each pay period regardless of the number of hours worked. There are a few exceptions to allow a non-exempt employee to be salaried but please speak with Human Resources before implementing this.