

KNOW YOUR EMPLOYMENT LAWS

- ❖ Minimum wage is currently \$5.15/hour. Employees must receive overtime pay for hours worked in excess of 40 in a workweek at a rate not less than time and one-half their regular rates of pay.
- ❖ Minimum wage for tipped employees is \$2.65/hour. However, total tips plus wages, divided by total hours worked, must not be below the minimum wage of \$5.15/hour. For example, a tipped employee is paid a wage of \$2.65 an hour and works a total of 10 hours for the entire pay period. They claimed tips of \$15.00. Total pay is \$41.50, divided by 10 hours for an hourly rate of \$4.15/hour. You must do one of two things:
 1. You must bump their rate of pay for that period up by \$1.00 an hour.
 2. You must go back and find out if they underreported their tips (not uncommon). If they underreported tips, an additional \$10 in tips must be reported.
- ❖ Overtime Exemption. For employees to be paid a flat salary and exempt from overtime, certain tests regarding their job duties must be met AND they must be paid on a salary basis at not less than \$455 per week or \$23,660 per year.
- ❖ Comp Time. Employees may agree to receive compensatory time of 1½ hours for each hour of overtime worked. However, the agreement must be
 1. Voluntary, in writing, and obtained before the time is earned.
 2. Permitted only if the employer allows the employee 10 paid days of leave per year (vacation, sick, personal time, etc.).
 3. Paid within 30 days of a request for compensatory time. Documentation of approval or denial of a request is recommended.
 4. Employers must keep records of compensatory time earned and paid.

For example, if a person works 2 hours of overtime and wants to take time off in lieu of pay, you are required to give them 3 hours of paid time off (1 ½ times overtime hours worked).