Do you have exempt employees on your payroll? You will need to pay attention to the proposed changes to the exempt employees’ minimum salary regulation starting in 2016 that affect church employees. Qualified exempt employees are exempt from having to be paid overtime regardless of the number of hours that are worked.

The Federal Department of Labor (DOL) has proposed a revision to the existing minimum salary for exempt employees that would increase the minimum salary to qualify as an exempt employee from overtime under the executive, administrative, and professional exemptions.

The current minimum salary for exempt employees has been $455 per week, or $23,660 per year since 2004. Starting in 2016, the new salary would be $970 per week, or $50,440 per year when the new regulation takes effect. The DOL estimates that 4.6 million or more employees would no longer qualify for these exemptions.

The first step the church should take is to determine which paid staff are currently identified as an exempt employee and are paid less than the $970 per week, or $50,440 annually. Second is for employers to determine the time the exempt employee spends on their exempt duties.

After this determination, if may be necessary to reclassify employees from exempt, to either exempt with overtime pay, or to a non-exempt status. If an employee is reclassified as exempt with overtime pay, then an hourly rate will need to be determined for time worked up to the $970 threshold.

EXAMPLE: The church currently has an organist classified as exempt and paid $500 per week, and that person is expected to work 10 hours per week for service during Sunday Worship; prep time, and perhaps mid-week for choir practice, then the total expected hours for the exempt person would be 10 hours per week. This is far short of the new minimum salary for exempt employees of $970.00.

In order to comply with the new regulation, the organist would be considered an exempt with overtime employee. Anytime the organist work more than 10 hours per week, then that person is eligible for additional compensation at an hourly rate of $50.00 per hour, or $500 per week divided by the expected 10 hours to work. So given the above example, if the organist worked 11 hours during the week, the organist would receive $550.00 in compensation for that week.

The best way to keep track of hours worked by all employees, non-exempt and exempt, is for each employee to complete a timecard for hours worked weekly, or during a payroll period.

Below are website references which may be referred to for additional information on this proposed 2016 change to minimum salary for exempt employees.


If you have additional questions on this, please contact Cheryl Anderson, Business Manager at 503-227-5486, ext. 207.