

FIRST PERSON: Department of Labor raises the bar

By Curt Tucker

Arkansas Baptist News

The Department of Labor (DOL) is raising the bar. And they will *again* very soon. I am of course referring to the new minimum salary thresholds for exempt employees, which will be \$43,888 (\$844 per week) starting July 1, 2024, and \$58,656 (\$1,128 per week) starting January 1, 2025.

I can hear your gasps from my desk, so let's start by defining what an "exempt employee" even is. Per the Fair Labor Standards Act (FLSA), an exempt employee is "any employee employed in a bona fide executive, administrative, or professional capacity," and whose salary meets the thresholds listed above. What these employees are exempt from is overtime pay. Meaning, for employees in Arkansas who meet these qualifications, the employer is not required to pay them extra if they work more than 40 hours in a 7-day work week.

Now I know what you're thinking (because several of you have already called me)- "we can't afford to raise everyone's salary to meet these thresholds," and the reality is, you don't have to. These new thresholds are not changing the minimum wage, so there is no requirement to raise anyone's salary.

But what *is* required is reclassifying employees to nonexempt status and compensating them for their overtime if they do not meet the new thresholds. If you have an employee who will now be nonexempt under the new thresholds, who routinely works more than 40 hours per week, this may require you to put pen to paper and calculate if paying overtime or raising their salary makes more sense. It is also a good idea to be diligent

about tracking employees' hours, and making sure any overtime work is approved beforehand.

The last thing I will mention is the DOL's Ministerial Exemption. This is a rather broad and vague exception (broader than the IRS's definition of a Minister) in the FLSA which states that pastors, ministers, and others with ministerial duties are exempt from some labor laws, including those regarding overtime. Many churches claim this exemption applies to all their employees, but I do not recommend operating as such. While I have no doubt your custodian, facilities manager, or bookkeeper is a warrior for Christ, cases from the US Supreme Court have defined the roles fitting this exemption to be those which are essential to the *religious* mission of the organization.

For more information or questions, please contact the Mississippi Baptist Business Services Office at (601) 292-3238.

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