

**TOWN OF OCEAN RIDGE
SPECIAL TOWN COMMISSION MEETING
AGENDA**



**April 8, 2024 at 2:00 PM
Town Hall - Meeting Chambers**

TOWN COMMISSIONERS

Mayor Geoff Pugh
Vice Mayor Steve Coz
Commissioner Carol Cassidy
Commissioner David Hutchins
Commissioner Ainar Aijala Jr.

ADMINISTRATION

Town Administrator Lynne Ladner
Town Attorney Christy Goddeau
Town Clerk Kelly Avery
Chief of Police Scott McClure

To join the meeting from your computer, tablet or smartphone.

<https://meet.goto.com/930143117>

You can also dial in using your phone.

Access Code: 930-143-117

United States: +1 (872) 240-3212

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS, DELETIONS, MODIFICATIONS, AND APPROVAL OF AGENDA

PUBLIC COMMENT – (3-minute individual limit)

REGULAR AGENDA ITEMS

1. Approval of Proposal from Evergreen Solutions, LLC

TOWN COMMISSIONER COMMENTS

ADJOURNMENT

Agenda: Monday, April 8, 2024
Memo: Item #1.

Town of Ocean Ridge, Florida

Town Commission Agenda Memorandum

Lynne Ladner, Town Manager

Subject: Approval of Proposal from Evergreen Solutions, LLC

Evergreen Solutions has submitted two proposals for your consideration. The first proposal dated April 2nd, would conduct a Classification Study and Update the Employee Handbook. This would be reviewing the job descriptions and FLSA classification (salary - exempt, salary - nonexempt, and hourly) for all the Town of Ocean Ridge's 15 job classifications: 1 in the Manager Dept, 5 in the Clerk/Treasurer Dept, 1 in the Building Department, 2 in the Public Works Department, 2 Dispatch and 4 Police Department jobs. They propose completing the classification study in three months. The cost for this proposal is not to exceed \$12,000

The proposal dated April 3rd, would be to conduct a compensation and classification study for just the nine job classifications that are not part of the Dispatch and Police Department and update the Employee Handbook. The Comp. and Class study would be complete by June 10, 2024, to ensure the information is available for use in developing the FY 2025 budget. The cost for this proposal is not to exceed \$14,000.

Staff recommends...

Suggested Motion: I move to...authorize the proposal from Evergreen Solutions dated April , 2024 not to exceed \$

Respectfully,
Lynne Ladner, Town Manager



Evergreen Solutions, LLC

2528 Barrington Circle • Unit #201 • Tallahassee, Florida 32308
850.383.0111 • fax 850.383.1511

April 3, 2024

Ms. Lynne Ladner, ICMA-CM, SHRM-SCP
Town Manager/Finance Director
Town of Ocean Ridge
6450 N. Ocean Boulevard
Ocean Ridge, Florida 33435

SUBMITTED VIA EMAIL: lladner@oceanridgeflorida.com

Dear Ms. Ladner:

We appreciate the opportunity to submit a letter proposal to conduct a Classification and Compensation Study for the Town of Ocean Ridge. I have provided a detailed work plan outlining the tasks, activities, and milestones necessary to accomplish this study, as well as a proposed timeline and cost. **Note:** Evergreen understands the Town has approximately nine job classifications that will be included in the study.

Detailed Work Plan

Task 1.0 Project Initiation

TASK GOALS

- Finalize the project plan with the Town.
- Gather all pertinent data.
- Finalize any remaining contractual negotiations.
- Establish an agreeable final time line for all project milestones and deliverables.

TASK ACTIVITIES

- 1.1 Meet with the Town's Project Manager to discuss the following objectives:
- understand the Town's mission and current compensation philosophy (if any);
 - review our proposed methodology, approach, and project work plan to identify any necessary revisions;
 - reach agreement on a schedule for the project including all assignments and project milestones/deliverables;
 - establish an agreeable communication schedule.

**Task 2.0
Evaluate the Current
System**

- 1.2 Identify potential challenges and opportunities for the study. Discuss the strategic direction of the Town and some of the short and long-term priorities. This activity serves as the basis for assessing where the Town is going and what type of pay plan will reinforce current and future goals.
- 1.3 Obtain relevant materials from the Town, including:
 - any previous projects, research, evaluations, or other studies that may be relevant to this project;
 - organizational charts for the departments and divisions, along with related responsibility descriptions;
 - current position and classification descriptions, salary schedule(s), and classification system; and
 - personnel policies and procedures.
- 1.4 Review and edit the project work plan and submit a schedule for the completion of each project task.

KEY PROJECT MILESTONES

- Comprehensive project management plan
- Comprehensive database of Town employees

TASK GOAL

- Conduct a comprehensive preliminary evaluation of the Town's existing compensation plan.

TASK ACTIVITIES

- 2.1 Obtain the existing pay structure and compensation philosophy. Review the existing pay structure and look for potential problems to be resolved.
- 2.2 Determine the strengths and weaknesses of the current pay plan(s). Discuss any existing compression issues and possible resolutions.
- 2.3 Complete an assessment of current conditions that details the pros and cons of the current system as well as highlights areas for potential improvement in the final adopted solution.

KEY PROJECT MILESTONES

- Review of existing compensation plan(s)
- Assessment of current conditions

Task 3.0
Collect and Review
Current Environment
Data

TASK GOALS

- Conduct statistical and anecdotal research into the current environment within the Town.
- Guide subsequent analytical tasks.

TASK ACTIVITIES

- 3.1 Schedule and conduct a virtual employee orientation session.
- 3.2 Meet virtually with department heads to obtain relevant information and statistical/anecdotal data on specific compensation issues and policies. Obtain insight into perceived current compensation system strengths and weaknesses.
- 3.3 Hold virtual focus groups with a sample of employees to obtain additional relevant information and statistical/anecdotal data on specific compensation issues and policies.
- 3.4 Work with the Town's Project Manager to administer the Job Assessment Tool (JAT) and the Management Issues Tool (MIT). Our staff utilizes a web-based tool for data collection, but we can provide paper copies as well as those for classifications without computers or Internet access. We will seek approval from the Town's Project Manager before distribution of the JAT/MIT questionnaire.
- 3.5 Review any data provided by the Town that may provide additional relevant insight.

KEY PROJECT MILESTONES

- JAT and MIT distribution
- Department head interviews
- Employee orientation sessions and focus groups

Task 4.0
Evaluate and Build
Projected
Classification Plan
and Make FLSA
Determinations

TASK GOALS

- Identify the classification of existing positions utilizing Evergreen Solutions' job evaluation system.
- Review JAT responses.
- Characterize internal equity relationships within the Town.

TASK ACTIVITIES

- 4.1 Ensure that all draft class specifications have been provided to Evergreen by the Town's Project Manager.



Task 5.0
Identify List of
Market Survey
Benchmarks and
Approved List of
Targets

- 4.2 Review the work performed by each classification and score. Review includes evaluation of supervisory comments.
- 4.3 Review JAT scores and identify the classification of positions.
- 4.4 Schedule and conduct additional follow up with employees for jobs where uncertainty exists over data obtained from the JATs.
- 4.5 Develop preliminary recommendations for the classification structure. The classification system designed at this point would be based solely on internal equity relationships and would be guided by the JAT scores for each classification. Essentially, a structure of classifications would be established, and classifications with similar scoring would be grouped into pay grades. Spacing between jobs would be determined, and each classification would be assigned to a pay grade. Final decision on the minimums and maximums of the pay grades would be determined after the market data has been collected.
- 4.6 Develop recommendations of FLSA (exemption) status based on results of the job evaluation (JAT) review and federal requirements.
- 4.7 Review recommendations with the Town's Project Manager.

KEY PROJECT MILESTONES

- JAT scores by class
- Recommended classification changes
- Recommended FLSA status
- Preliminary job structure based on internal equity

TASK GOALS

- Identify positions to benchmark for the market salary survey.
- Identify and develop a comprehensive list of targets for conducting a successful external labor market salary assessment.

TASK ACTIVITIES

- 5.1 Identify and review with the Town's Project Manager the classifications that will be used as benchmarks for the market salary survey. **Note:** Evergreen will use nine of the Town's classifications as benchmarks for the market salary survey.
- 5.2 Finalize the list of benchmark positions.
- 5.3 Review with the Town's Project Manager up to 20 peer organizations that should be included in the market salary survey.

**Task 6.0
Conduct Market
Salary Survey and
Provide External
Assessment
Summary**

- 5.4 Develop a preliminary list of organizations for the external labor market survey, placing a comparative emphasis on characteristics such as:
- size of the organization;
 - geographic proximity to the Ocean Ridge area;
 - economic and budget characteristics; and
 - other demographic data.
- 5.5 Develop a list of survey targets by employee group. Develop a system for use of secondary data, including potential sources and weighting of secondary data, if necessary.
- 5.6 Review survey methodology with the Town's Project Manager and refine survey methodology prior to distribution of survey.
- 5.7 After approval of survey methodology, develop contact list of peer organizations and notify peers of impending survey.

KEY PROJECT MILESTONES

- Initial list of survey peers
- Survey methodology
- Final list of survey organizations and contacts

TASK GOALS

- Conduct the external labor market salary survey.
- Provide a summary of the salary survey results to the Town's Project Manager for review.

TASK ACTIVITIES

- 6.1 Prepare a customized external labor market salary survey for the Town Project Manager's approval. Discuss the questions to include in the survey with the Town's Project Manager.
- 6.2 Contact the targets for electronic completion of the survey. Provide paper copies by fax, if requested.
- 6.3 Conduct necessary follow-up through e-mails, faxes, and phone calls.
- 6.4 Collect and enter survey results into Evergreen Solutions' electronic data analysis tools.
- 6.5 Validate all data submitted.

**Task 7.0
Develop Strategic
Positioning
Recommendations**

- 6.6 Develop summary report of external labor market salary assessment results.
- 6.7 Submit summary report of external labor market salary assessment results to the Town's Project Manager.

KEY PROJECT MILESTONES

- Market survey instrument
- Summary report of external labor market salary assessment results

TASK GOALS

- Assess the appropriateness of the Town's current compensation philosophy.
- Develop a plan for all employees, providing issue areas and preliminary recommendations for strategic improvement.

TASK ACTIVITIES

- 7.1 Identify the compensation philosophy and accompanying thresholds.
- 7.2 Using the market salary data collected in **Task 6.0**, as well as the classification data reviewed in **Task 4.0**, determine the proper pay plan for the Town, including number of grades, steps, and ranges.
- 7.3 Produce a pay plan for the Town that best meets its needs from an internal equity and external equity standpoint.

KEY PROJECT MILESTONES

- Proposed compensation strategic direction, taking into account internal and external equity
- Plan for addressing unique, highly competitive positions

**Task 8.0
Conduct Solution
Analysis**

TASK GOALS

- Conduct analysis comparing JAT values.
- Survey results for the benchmark positions.
- Produce several possible solutions for implementation.



Task 9.0
Develop and Submit
Draft and Final
Reports

TASK ACTIVITIES

- 8.1 Conduct regression analysis or other appropriate techniques to properly slot each classification into the proposed pay plan.
- 8.2 Place all classifications into pay grades based on **Task Activity 8.1**. Sort alphabetically by job class title, in descending order by range, and by old class title and new class specifications.
- 8.3 Create implementation solutions for consideration that take into account the current position of the organization as well as the findings from the classification and compensation analysis. Identify and prepare a range of compensation policy alternatives.
- 8.4 Meet with the Town's Project Manager to discuss the potential solutions.
- 8.5 Determine the best solution to meet the Town's needs in the short-term and long-term.
- 8.6 Document the accepted solution.

KEY PROJECT MILESTONES

- Initial regression analysis
- Potential solutions
- Documented final solution

TASK GOALS

- Develop and submit a draft and final reports of the Classification and Compensation Study for the Town of Ocean Ridge.
- Present final report.

TASK ACTIVITIES

- 9.1 Produce a comprehensive draft report that captures the results of each previous step, including a complete listing of the allocation of job classes to salary range requirements. Provide the Town's Project Manager a draft final report for review that will include all costs associated with all recommendations as well as implementation strategies.
- 9.2 Submit the comprehensive draft report to the Town's Project Manager for review and approval.
- 9.3 Make edits and submit necessary copies of the final report to the Town's Project Manager.
- 9.4 Present the final report, if requested.

**Task 10.0
Develop
Recommendations
for Compensation
Administration**

9.5 Develop implementation database to communicate the process and progress of this project to the Town's Project Manager.

9.6 Develop a plan for maintaining recommendations over time.

KEY PROJECT MILESTONES

- Draft and final reports
- Final presentation
- Communication plan
- Implementation and maintenance database

TASK GOALS

- Develop recommendations for the continued administration by the Town's staff to sustain the recommended compensation and classification structure.
- Provide training.

TASK ACTIVITIES

10.1 Develop recommendations and guidelines for the continued administration and maintenance of the classification and compensation structure, including recommendations and guidelines related to:

- how employees will move through the pay structure/system as a result of transfers, promotions, or demotions;
- how to pay employees whose base pay has reached the maximum of their pay range or value of their position;
- the proper mix of pay and benefits;
- how often to adjust pay scales and survey the market;
- the timing of implementation; and
- how to keep the system fair and competitive over time.

10.2 Recommend recruitment/retention strategies, where appropriate.

10.3 Present recommendations to the Town's Project Manager for review.

10.4 Finalize recommendations.

Task 11.0
Provide Revised
Class Descriptions

- 10.5 Provide instructional information/training to Human Resources staff to ensure that staff can conduct audits/adjustments consistent with study methods until the next formal study is conducted using Evergreen's **JobForce Manager** tool that will enable Human Resources staff to estimate future pay plan changes, update market information, make determinations on reclassifications, and create new jobs – allowing for streamlining, and an increase in fairness and transparency of regular compensation and classification tasks after solution implementation.

KEY PROJECT MILESTONES

- Recommendations for compensation administration
- Recommendations for recruitment/retention policies

TASK GOALS

- Update existing class descriptions.
- Create new class descriptions only for those classifications recommended by Evergreen as a result of the job evaluation process.
- Provide final version of all class descriptions/specifications in electronic format (i.e., MS Word).

TASK ACTIVITIES

- 11.1 Assess current class descriptions for form, content, validity, and ADA, FLSA, EEO compliance, etc.
- 11.2 Discuss any necessary changes to the class description format with the Town's Project Manager.
- 11.3 Update classification descriptions based on data gathered from the job evaluation process.
- 11.4 Create new class descriptions only for those classifications recommended by Evergreen as a result of the job evaluation process.
- 11.5 Recommend a systematic, regular process for reviewing job descriptions.

KEY PROJECT MILESTONES

- Updated class descriptions
- New class descriptions, as needed
- Recommendations for regular review of class descriptions

**Task 12.0
Update Employee
Handbook**

TASK GOAL

- Review and Update Employee Handbook for the Town.

TASK ACTIVITIES

- 12.1 Work with the Town's Project Manager and HR staff to identify and review policies and procedures in the Employee Handbook.
- 12.2 Update existing personnel policies and procedures outlined in the Handbook (e.g., employment practices, EEO practices, benefits, separations, employee development and training programs, general operating procedures, etc.).
- 12.3 Develop any new policies and procedures, as needed.
- 12.4 Provide recommendations to the Town's Project Manager for revising existing employee handbook ensuring compliance with any and state regulations.

KEY PROJECT MILESTONE

- Review of existing personnel policies and procedures in employee handbook and provide recommendations for revising employee handbook

Note: Evergreen will not be able to provide any legal advice so this review and revision of the Town's Employee Handbook will not include a legal review by an attorney. However, Evergreen is willing to work with an attorney as needed, should the Town want to have the handbook reviewed for legal reasons. The Town would have to pay the attorney directly for that review.

Cost and Timeline

Our total, not-to-exceed, fixed cost to complete all tasks in our detailed work plan is **\$14,000**. Our cost is all inclusive, and includes travel costs (meals and lodging), transportation, fringe benefits, indirect cost (overhead), clerical support, and all other out-of-pocket expenses. Our cost includes one onsite visit to the Town to present the final report. Evergreen can conduct the Classification and Compensation Study in three months with budget numbers by June 10, 2024.

Our preferred method of invoicing is as follows:

- 25% - upon completion of Tasks 1 – 2
- 25% - upon completion of Tasks 3 – 4
- 25% - upon completion of Tasks 5 – 6
- 15% - upon completion of Tasks 7 – 10
- 10% - upon completion of Tasks 11 – 12

We would love the opportunity to work with the Town of Ocean Ridge. If you have any questions or need any additional information, please feel free to contact me at (850) 383-0111 or via email at jeff@consultevergreen.com.

Sincerely,



Dr. Jeffrey Ling, President





Evergreen Solutions, LLC

2528 Barrington Circle • Unit #201 • Tallahassee, Florida 32308
850.383.0111 • fax 850.383.1511

April 2, 2024

Ms. Lynne Ladner, ICMA-CM, SHRM-SCP
Town Manager/Finance Director
Town of Ocean Ridge
6450 N. Ocean Boulevard
Ocean Ridge, Florida 33435

SUBMITTED VIA EMAIL: lladner@oceanridgeflorida.com

Dear Ms. Ladner:

We appreciate the opportunity to submit a letter proposal to conduct a Classification Study for the Town of Ocean Ridge. I have provided a detailed work plan outlining the tasks, activities, and milestones necessary to accomplish this study, as well as a proposed timeline and cost. **Note:** Evergreen understands the Town has approximately 30 employees in 15 job classifications that will be included in the study.

Detailed Work Plan

Task 1.0 Project Initiation

TASK GOALS

- Finalize the project plan with the Town.
- Gather all pertinent data.
- Finalize any remaining contractual negotiations.
- Establish an agreeable final time line for all project milestones and deliverables.

TASK ACTIVITIES

- 1.1 Meet with the Town's Project Manager to discuss the following objectives:
- understand the Town's mission and current compensation philosophy (if any);
 - review our proposed methodology, approach, and project work plan to identify any necessary revisions;
 - reach agreement on a schedule for the project including all assignments and project milestones/deliverables;
 - establish an agreeable communication schedule.

**Task 2.0
Evaluate the Current
System**

- 1.2 Identify potential challenges and opportunities for the study. Discuss the strategic direction of the Town and some of the short and long-term priorities. This activity serves as the basis for assessing where the Town is going and what type of pay plan will reinforce current and future goals.
- 1.3 Obtain relevant materials from the Town, including:
 - any previous projects, research, evaluations, or other studies that may be relevant to this project;
 - organizational charts for the departments and divisions, along with related responsibility descriptions;
 - current position and classification descriptions, salary schedule(s), and classification system; and
 - personnel policies and procedures.
- 1.4 Review and edit the project work plan and submit a schedule for the completion of each project task.

KEY PROJECT MILESTONES

- Comprehensive project management plan
- Comprehensive database of Town employees

TASK GOAL

- Conduct a comprehensive preliminary evaluation of the Town's existing classification plan.

TASK ACTIVITIES

- 2.1 Review the existing classification structure and look for potential problems to be resolved.
- 2.2 Determine the strengths and weaknesses of the current classification plan(s).
- 2.3 Complete an assessment of current conditions that details the pros and cons of the current system as well as highlights areas for potential improvement in the final adopted solution.

KEY PROJECT MILESTONES

- Review of existing classification plan(s)
- Assessment of current conditions

Task 3.0
Collect and Review
Current Environment
Data

TASK GOALS

- Conduct statistical and anecdotal research into the current environment within the Town.
- Guide subsequent analytical tasks.

TASK ACTIVITIES

- 3.1 Schedule and conduct a virtual employee orientation session.
- 3.2 Meet virtually with department heads to obtain relevant information and statistical/anecdotal data on specific compensation issues and policies. Obtain insight into perceived current compensation system strengths and weaknesses.
- 3.3 Hold virtual focus groups with a sample of employees to obtain additional relevant information and statistical/anecdotal data on specific compensation issues and policies.
- 3.4 Work with the Town's Project Manager to administer the Job Assessment Tool (JAT) and the Management Issues Tool (MIT). Our staff utilizes a web-based tool for data collection, but we can provide paper copies as well as those for classifications without computers or Internet access. We will seek approval from the Town's Project Manager before distribution of the JAT/MIT questionnaire.
- 3.5 Review any data provided by the Town that may provide additional relevant insight.

KEY PROJECT MILESTONES

- JAT and MIT distribution
- Department head interviews
- Employee orientation sessions and focus groups

Task 4.0
Evaluate and Build
Projected
Classification Plan
and Make FLSA
Determinations

TASK GOALS

- Identify the classification of existing positions utilizing Evergreen Solutions' job evaluation system.
- Review JAT responses.
- Characterize internal equity relationships within the Town.

TASK ACTIVITIES

- 4.1 Ensure that all draft class specifications have been provided to Evergreen by the Town's Project Manager.



- 4.2 Review the work performed by each classification and score. Review includes evaluation of supervisory comments.
- 4.3 Review JAT scores and identify the classification of positions.
- 4.4 Schedule and conduct additional follow up with employees for jobs where uncertainty exists over data obtained from the JATs.
- 4.5 Develop preliminary recommendations for the classification structure. The classification system designed at this point would be based solely on internal equity relationships and would be guided by the JAT scores for each classification. Essentially, a structure of classifications would be established, and classifications with similar scoring would be grouped into pay grades. Spacing between jobs would be determined, and each classification would be assigned to a pay grade. Final decision on the minimums and maximums of the pay grades would be determined after the market data has been collected.
- 4.6 Develop recommendations of FLSA (exemption) status based on results of the job evaluation (JAT) review and federal requirements.
- 4.7 Provide an executive summary of the classification plan and structure recommendations.
- 4.8 Review recommendations with the Town's Project Manager.

KEY PROJECT MILESTONES

- JAT scores by class
- Recommended classification changes
- Recommended FLSA status
- Preliminary job structure based on internal equity

Task 5.0 Provide Revised Class Descriptions

TASK GOALS

- Update existing class descriptions.
- Create new class descriptions only for those classifications recommended by Evergreen as a result of the job evaluation process.
- Provide final version of all class descriptions/specifications in electronic format (i.e., MS Word).

TASK ACTIVITIES

- 5.1 Assess current class descriptions for form, content, validity, and ADA, FLSA, EEO compliance, etc.

**Task 6.0
Update Employee
Handbook**

- 5.2 Discuss any necessary changes to the class description format with the CPM.
- 5.3 Update classification descriptions based on data gathered from the job evaluation process.
- 5.4 Create new class descriptions only for those classifications recommended by Evergreen as a result of the job evaluation process.
- 5.5 Recommend a systematic, regular process for reviewing job descriptions.

KEY PROJECT MILESTONES

- Updated class descriptions
- New class descriptions, as needed
- Recommendations for regular review of class descriptions

TASK GOAL

- Review and Update Employee Handbook for the Town.

TASK ACTIVITIES

- 6.1 Work with the Town's Project Manager and HR staff to identify and review policies and procedures in the Employee Handbook.
- 6.2 Update existing personnel policies and procedures outlined in the Handbook (e.g., employment practices, EEO practices, benefits, separations, employee development and training programs, general operating procedures, etc.).
- 6.3 Develop any new policies and procedures, as needed.
- 6.4 Provide recommendations to the Town's Project Manager for revising existing employee handbook ensuring compliance with any and state regulations.

KEY PROJECT MILESTONES

- Review of existing personnel policies and procedures in employee handbook
- Provide recommendations for revising employee handbook

Note: Evergreen will not be able to provide any legal advice so this review and revision of the Town's Employee Handbook will not include a legal review by an attorney. However, Evergreen is willing to work with an attorney as needed, should the Town want to have the handbook reviewed for legal reasons. The Town would have to pay the attorney directly for that review.



Cost and Timeline

Our total, not-to-exceed, fixed cost to complete all tasks in our detailed work plan is **\$12,000**. Our cost is all inclusive, and includes travel costs (meals and lodging), transportation, fringe benefits, indirect cost (overhead), clerical support, and all other out-of-pocket expenses. Our cost includes one onsite visit to the Town to present the final report. Evergreen can conduct the Classification Study in three months.

Our preferred method of invoicing is as follows:

- 33% - upon completion of Tasks 1 – 2
- 33% - upon completion of Tasks 3 – 4
- 34% - upon completion of Tasks 5 – 6

We would love the opportunity to work with the Town of Ocean Ridge. If you have any questions or need any additional information, please feel free to contact me at (850) 383-0111 or via email at jeff@consultevergreen.com.

Sincerely,



Dr. Jeffrey Ling, President
Evergreen Solutions, LLC





Fact Sheet #17A: Exemption for Executive, Administrative, Professional, Computer & Outside Sales Employees Under the Fair Labor Standards Act (FLSA)

Revised September 2019

NOTICE: On August 30, 2023, the Department of Labor (Department) announced issuance of a [Notice of Proposed Rulemaking \(NPRM\)](#), *Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees*. The NPRM proposes to update and revise the regulations issued under section 13(a)(1) of the Fair Labor Standards Act implementing the exemption from minimum wage and overtime pay requirements for executive, administrative, and professional employees. Proposed revisions include increasing the standard salary level and the highly compensated employee total annual compensation threshold, as well as providing an automatic updating mechanism that would allow for the timely and efficient updating of all the thresholds to reflect current earnings data.

***Note:** The Department of Labor revised the regulations located at 29 C.F.R. part 541 with an effective date of January 1, 2020. WHD will continue to enforce the 2004 part 541 regulations through December 31, 2019, including the \$455 per week standard salary level and \$100,000 annual compensation level for Highly Compensated Employees. The final rule is available at: <https://www.federalregister.gov/documents/2019/09/27/2019-20353/defining-and-delimiting-the-exemptions-for-executive-administrative-professional-outside-sales-and-computer-employees>.

This fact sheet provides general information on the exemption from minimum wage and overtime pay provided by Section 13(a)(1) of the FLSA as defined by Regulations, [29 C.F.R. Part 541](#).

The [FLSA](#) requires that most employees in the United States be paid at least the [federal minimum wage](#) for all hours worked and [overtime pay](#) at not less than time and one-half the regular rate of pay for all hours worked over 40 hours in a workweek.

However, Section 13(a)(1) of the FLSA provides an exemption from both [minimum wage](#) and [overtime pay](#) for employees employed as bona fide executive, administrative, professional and outside sales employees. Section 13(a)(1) and Section 13(a)(17) also exempt certain computer employees. To qualify for exemption, employees generally must meet certain tests regarding their job duties and be paid on a salary basis at not less than \$684* per week. Employers may use nondiscretionary bonuses and incentive payments (including commission paid on an annual or more frequent basis, to satisfy up to 10 percent of the standard salary level. Job titles do not determine exempt status. In order for an exemption to apply, an employee's specific job duties and salary must meet all the requirements of the Department's regulations.

See other fact sheets in this series for more information on the exemptions for [executive](#), [administrative](#), [professional](#), [computer](#) and [outside sales](#) employees, and for more information on the [salary basis](#) requirement.

Executive Exemption

To qualify for the executive employee exemption, all of the following tests must be met:

- The employee must be compensated on a [salary basis](#) (as defined in the regulations) at a rate not less than \$684* per week;
- The employee's primary duty must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise;
- The employee must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent;

- The employee must have the authority to hire or fire other employees, or the employee’s suggestions and recommendations as to the hiring, firing, advancement, promotion or any other change of status of other employees must be given particular weight.

Administrative Exemptions

To qualify for the administrative employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$684* per week;
- The employee’s primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer’s customers; and
- The employee’s primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.

Professional Exemption

To qualify for the **learned professional** employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$684* per week;
- The employee’s primary duty must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the consistent exercise of discretion and judgment;
- The advanced knowledge must be in a field of science or learning; and
- The advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction.

To qualify for the **creative professional** employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$684* per week;
- The employee’s primary duty must be the performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor.

Computer Employee Exemption

To qualify for the computer employee exemption, the following tests must be met:

- The employee must be compensated **either** on a salary or fee basis (as defined in the regulations) at a rate not less than \$684* per week **or**, if compensated on an hourly basis, at a rate not less than \$27.63 an hour;
- The employee must be employed as a computer systems analyst, computer programmer, software engineer or other similarly skilled worker in the computer field performing the duties described below;
- The employee’s primary duty must consist of:
 1. The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software or system functional specifications;
 2. The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;
 3. The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or
 4. A combination of the aforementioned duties, the performance of which requires the same level of skills.

Outside Sales Exemption

To qualify for the outside sales employee exemption, all of the following tests must be met:

- The employee’s primary duty must be making sales (as defined in the FLSA), or obtaining orders or contracts for services or for the use of facilities for which a consideration will be paid by the client or customer; and
- The employee must be customarily and regularly engaged away from the employer’s place or places of business.

Highly Compensated Employees

Highly compensated employees performing office or non-manual work and paid total annual compensation of \$107,432 or more (which must include at least \$684* per week paid on a salary or fee basis) are exempt from the FLSA if they customarily and regularly perform at least one of the duties of an exempt executive, administrative or professional employee identified in the standard tests for exemption.

Blue-Collar Workers

The exemptions provided by FLSA Section 13(a)(1) apply only to “white-collar” employees who meet the salary and duties tests set forth in the Part 541 regulations. The exemptions do not apply to manual laborers or other “blue-collar” workers who perform work involving repetitive operations with their hands, physical skill and energy. FLSA-covered, non-management employees in production, maintenance, construction and similar occupations such as carpenters, electricians, mechanics, plumbers, iron workers, craftsmen, operating engineers, longshoremen, construction workers and laborers are entitled to minimum wage and overtime premium pay under the FLSA, and are not exempt under the Part 541 regulations no matter how highly paid they might be.

Police, Fire Fighters, Paramedics & Other First Responders

The exemptions also do not apply to police officers, detectives, deputy sheriffs, state troopers, highway patrol officers, investigators, inspectors, correctional officers, parole or probation officers, park rangers, fire fighters, paramedics, emergency medical technicians, ambulance personnel, rescue workers, hazardous materials workers and similar employees, regardless of rank or pay level, who perform work such as preventing, controlling or extinguishing fires of any type; rescuing fire, crime or accident victims; preventing or detecting crimes; conducting investigations or inspections for violations of law; performing surveillance; pursuing, restraining and apprehending suspects; detaining or supervising suspected and convicted criminals, including those on probation or parole; interviewing witnesses; interrogating and fingerprinting suspects; preparing investigative reports; or other similar work.

Other Laws & Collective Bargaining Agreements

The FLSA provides minimum standards that may be exceeded, but cannot be waived or reduced. Employers must comply, for example, with any Federal, State or municipal laws, regulations or ordinances establishing a higher minimum wage or lower maximum workweek than those established under the FLSA. Similarly, employers may, on their own initiative or under a collective bargaining agreement, provide a higher wage, shorter workweek, or higher overtime premium than provided under the FLSA. While collective bargaining agreements cannot waive or reduce FLSA protections, nothing in the FLSA or the Part 541 regulation relieves employers from their contractual obligations under such bargaining agreements.

Where to Obtain Additional Information

For additional information, visit our Wage and Hour Division Website:
<http://www.dol.gov/agencies/whd> and/or call our toll-free information and helpline, available 8 a.m. to 5 p.m. in your time zone, 1-866-4USWAGE (1-866-487-9243).

This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.



The contents of this document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

RANGE	POSITION	FLSA CLASSIFICATION
1	ADMINISTRATIVE ASSISTANT	HOURLY
2	ASSISTANT TOWN CLERK	SALARY - NON-EXEMPT
3	MAINTENANCE I	HOURLY
4	PUBLIC WORKS I	HOURLY
5	EXECUTIVE ASSISTANT	HOURLY
6	MAINTENANCE II	HOURLY
7	BUILDING CLERK	SALARY - NON-EXEMPT
8	DEPUTY TOWN CLERK	SALARY - NON-EXEMPT
9	DISPATCHER/CLERK	HOURLY
10	PUBLIC WORKS II	HOURLY
11	POLICE OFFICER	HOURLY
12	INVESTIGATOR	HOURLY
13	PUBLIC WORKS SUPERVISOR	HOURLY
14	TREASURER/HUMAN RESOURCES ADMIN	SALARY - NON-EXEMPT
15	DISPATCH MANAGER	SALARY - NON-EXEMPT
16	SERGEANT	HOURLY
17	TOWN CLERK & DEPUTY TREASURER	SALARY - NON-EXEMPT
18	BUILDING OFFICIAL	SALARY - NON-EXEMPT
19	LIEUTENANT	SALARY - NON-EXEMPT
20	CHIEF OF POLICE	SALARY - EXEMPT
21	TOWN MANAGER & FINANCE DIRECTOR	SALARY - EXEMPT

HOURLY AND SALARY - NONEXEMPT
EMPLOYEES ARE ELIGIBLE FOR OVERTIME
FOR HOURS OVER THEIR REGULAR HOURS
(40/WEEK FOR NON POLICE OR 84/PERIOD
FOR POLICE)
SALARY EXEMPT EMPLOYEES ARE NOT
ELIGIBLE FOR OVERTIME - THEY ARE
EXPECTED TO WORK AN AVERAGE OF 40
HOUR/WEEK