

CSBA Sample

Board Policy

All Personnel

BP 4151(a)

4251

EMPLOYEE COMPENSATION

4351

Note: Districts that include provisions related to employee compensation in their collective bargaining agreements should modify or delete the following **optional** policy accordingly.

In order to recruit and retain employees committed to the district's goals for student learning, the Governing Board recognizes the importance of offering a competitive compensation package which includes salaries and health and welfare benefits.

(cf. 3100 - Budget)

(cf. 3400 - Management of Districts Assets/Accounts)

(cf. 4000 - Concepts and Roles)

(cf. 4154/4254/4354 - Health and Welfare Benefits)

Note: Education Code 45023 **and 45162** requires the Governing Board to adopt ~~and publish a certificated employee~~ salary schedules **for certificated and classified employees, respectively**. Pursuant to Education Code 45028, every certificated employee, except persons employed in administrative or supervisory positions, must be classified on the salary schedule on the basis of a uniform allowance for years of training and years of experience. In addition, Education Code 45028 specifies that a certificated employee may not be classified or paid differently solely because of the grade level at which he/she serves. However, Government Code 3543.2 permits the district and exclusive bargaining representative to "mutually agree" to a salary schedule based on ~~criteria other than training and years of experience~~. For districts operating under a merit system, Education Code 45268 specifies that the personnel commission will recommend a salary schedule **for classified employees** to the Board for approval and that the Board may not amend the schedule without first giving the commission an opportunity to respond to the amendments.

The Board shall adopt separate salary schedules for certificated, classified, and supervisory and administrative personnel. These schedules shall comply with law and ~~negotiated collective bargaining~~ agreements and shall be printed and made available for review at the district office. (Education Code 45022, 45023, **45160, 45162**)

(cf. 4121 - Temporary/Substitute Personnel)

(cf. 4141/4241 - Collective Bargaining Agreement)

(cf. 4143/4243 - Negotiations/Consultation)

Each certificated employee, except an employee in an administrative or supervisory position, shall be classified on the salary schedule on the basis of uniform allowance for years of training and years of experience, unless the Board and employee organization negotiate and mutually agree to a salary schedule based on different criteria. Certificated employees shall not be placed in different classifications on the schedule, nor paid different salaries, solely on the basis of the grade levels at which they teach. (Education Code 45028)

(cf. 4030 - *Nondiscrimination in Employment*)

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EMPLOYEE COMPENSATION (continued)

Salary schedules for staff who are not a part of a bargaining unit shall be determined by the Board at the recommendation of the Superintendent or designee.

(cf. 4140/4240/4340 - *Bargaining Units*)

(cf. 4312.1 - ~~Contracts~~ *Contracts*)

Note: Pursuant to Education Code 45038, certificated employees may be paid once every two weeks, twice a month, or once every four weeks. The Board may also choose to pay certificated employees, or one or more individual employees, in 10, 11, or 12 equal payments instead of by the school month. Education Code 45039 provides that, if the Board arranges to pay certificated employees in 12 equal payments for the year, it may pay each monthly installment at the end of each calendar month, whether or not the employees are engaged in teaching during the month. Education Code 45165 addresses salary payments for classified employees who are employed 9-11 months per year.

Education Code 45038 and 45039 authorize a district to pay employees in either 10, 11, or 12 equal installments. In 2007, the Internal Revenue Service (IRS) issued new rules. Pursuant to 26 CFR 1.409A-1, as amended by 72 Fed. Reg. 19234, regarding tax implications for the practice of paying employees who work 10 months per year but are paid over a 12-month period so that they receive a paycheck every month. This is a form of "deferred compensation." If the district allows employees to "elect" whether to receive their paychecks in such a manner, then according to the IRS, such employees must submit written election forms to the district in order to avoid any additional tax on the deferred compensation. If the district requires employees to receive their paychecks in such a manner without offering them an option, then the employees do not need to complete election forms, but the district must develop a written document describing how the employees will be paid, including the dates, schedule, and amounts of payment.

Education Code 45048 and 45165 specifies when salary payments must be made provide specific timelines for issuing salary payments depending on the frequency of payments. If payments are not made in a timely manner, the district is required to pay the employee interest on the unpaid amount.

The following paragraph may be revised to reflect the payroll schedule determined by the Board.

The Superintendent or designee shall ensure that the district's payroll system complies with all applicable laws and bargaining agreements, including, but not limited to, timelines regarding payment of compensation and deductions of dues for employee organizations.

The Board shall determine the frequency and schedule of salary payments, including whether payments for employees who work less than 12 months per year will be made over the course of the school year or in equal installments over the calendar year. (Education Code 45038, 45039, 45048, 45165)

Note: Pursuant to 29 CFR 516.4, districts are required to post a notice of the minimum wage provisions of the Fair Labor Standards Act (29 USC 201-219) in a conspicuous place at all work sites. The poster that

must be used by state and local governments is available on the web site of the U.S. Department of Labor's Wage and Hour Division.

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EMPLOYEE COMPENSATION (continued)

The Superintendent or designee shall post a notice explaining the Fair Labor Standards Act's wage and hour provisions in a conspicuous place at each work site. (29 CFR 516.4)

Overtime Compensation

Note: Pursuant to the federal Fair Labor Standards Act (FLSA) (29 CFR 553.20), employees who are not specifically exempted by law must receive overtime pay at a rate not less than one and one-half times their regular rate of pay for hours worked in excess of 40 hours per work week. Furthermore, state law (Labor Code 510) entitles employees to an overtime pay rate after working eight hours in one day, unless an alternative schedule allowed by law is approved.

Pursuant to 29 CFR 541.0-541.710, employees are exempt from the FLSA overtime rules if they are executive, administrative, or professional staff, as defined, and their salary is at or above the salary level established in 29 CFR 541.600, as amended by 81 Fed. Reg. 32391. This salary level will automatically be updated every three years beginning January 1, 2020 according to the method specified in 29 CFR 541.607. Because the federal salary limit qualifying for exemption is higher than the California salary test, the federal limit prevails.

When calculating the overtime rate of pay, 29 USC 207 requires that all remuneration for employment paid to or on behalf of the employee, with specified exclusions, be considered as part of the employee's regular rate of pay. In Flores v. City of San Gabriel, the appeals court ruled that cash payments made in lieu of benefits must be included in the calculation.

Overtime pay requirements are not applicable to school administrators or teachers in elementary or secondary schools under specific exemptions in 29 USC 213 and 29 CFR 541.303. Pursuant to 29 CFR 541.303 and 541.600, teachers do not need to meet the salary level requirement to be exempt from overtime rules. 29 CFR 541.204 provides that administrators must either meet the salary level requirement or be compensated on a salary basis that is at least equal to the entrance salary for teachers in the administrator's school to be exempt from overtime rules.

A district employee shall be paid an overtime rate of not less than one and one-half times his/her regular rate of pay for any hours worked in excess of eight hours in one day or 40 hours in one work week. However, employees shall be exempt from overtime rules if they are employed as teachers or school administrators or if they qualify as being employed in an executive, administrative, or professional capacity and are paid a fixed salary at or above the salary level established by federal regulations. (Labor Code 510; 29 USC 213; 29 CFR 541.0-541.710, 553.27, 553.32)

Note: The following optional paragraph is for use by districts that allow employees to take compensatory time off in lieu of overtime compensation as authorized by 29 USC 207 and 29 CFR 553.20-553.25. Time off in lieu of overtime compensation is allowed only if provided for in a collective bargaining agreement or other agreement and must be provided at the rate of at least one and one-half hours for each hour of overtime work.

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EMPLOYEE COMPENSATION (continued)

Pursuant to 29 CFR 553.21, an employee must be allowed to use earned compensatory time within a "reasonable period" after making the request. 29 CFR 553.25 provides that a "reasonable period" is determined on a case-by-case basis by considering customary work practices such as the normal work schedule, anticipated peak workloads based on past experience, emergency requirements for staff and services, and the availability of qualified substitute staff.

When authorized in a collective bargaining agreement or other agreement between the district and employees, an employee may take compensatory time off in lieu of overtime compensation, provided he/she has not accrued compensatory time in excess of the limits specified in 29 USC 207. An employee who has requested the use of compensatory time shall be allowed to use such time within a reasonable period after making the request if the use of the compensatory time does not unduly disrupt district operations. (29 USC 207; 29 CFR 553.20-553.25)

For each nonexempt employee, the Superintendent or designee shall maintain records on the employee's wages, hours, and other information specified in 29 CFR 516.5-516.6.

(cf. 3580 - District Records)

(cf. 4112.6/4212.6/4312.6 - Personnel Files)

Legal Reference: (see next page)

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EMPLOYEE COMPENSATION (continued)

Legal Reference:

EDUCATION CODE

45022-45061.5 *Salaries, especially:*

45023 *Availability of salary schedule*

45028 *Salary schedule for certificated employees*

45160-45169 *Salaries for classified employees*

45268 *Salary schedule for classified service in merit system districts*

GOVERNMENT CODE

3540-3549 *Meeting and negotiating, especially:*

3543.2 *Scope of representation*

3543.7 *Duty to meet and negotiate in good faith*

LABOR CODE

226 *Employee access to payroll records*

232 *Disclosure of wages*

510 *Overtime compensation; length of work day and week; alternative schedules*

UNITED STATES CODE, TITLE 26

409A *Deferred compensation plans*

UNITED STATES CODE, TITLE 29

201-219 *Fair Labor Standards Act, especially:*

203 *Definitions*

207 *Overtime*

213 *Exemptions from minimum wage and overtime requirements*

CODE OF FEDERAL REGULATIONS, TITLE 26

1.409A-1 *Definitions and covered plans*

CODE OF FEDERAL REGULATIONS, TITLE 29

516.4 *Notice of minimum wage and overtime provisions*

516.5-516.6 *Records*

541.0-541.710 *Exemptions for executive, administrative, and professional employees*

553.1-553.51 *Fair Labor Standards Act; applicability to public agencies*

COURT DECISIONS

Flores v. City of San Gabriel, 9th Cir., June 2, 2016, No. 14-56421

Management Resources:

NATIONAL SCHOOL BOARDS ASSOCIATION PUBLICATIONS

(Attachment B) Use CSBA Sample As Is

~~*NEA and NSBA Joint Guidance on the Tax Consequences of Deferred Compensation—Section 409A of the Internal Revenue Code, January 2008*~~

WEB SITES

CSBA: <http://www.csba.org>

Internal Revenue Service: <http://www.irs.gov>

National School Boards Association: <http://www.nsba.org>

School Services of California, Inc.: <http://www.sscal.com>

U.S. Department of Labor, Wage and Hour Division: <https://www.dol.gov/whd>

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Policy Reference UPDATE Service

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