

Legislation Text

File #: BILL NO. 16-217, **Version:** 1

AN ORDINANCE APPROVING AMENDMENT NO.4 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED PAY AND CLASSIFICATION PLAN AND THE AUTHORIZED BUDGET EXPENDITURES OF THE CITY OF LEE'S SUMMIT, MISSOURI.

Issue/Request:

AN ORDINANCE APPROVING AMENDMENT NO.4 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED PAY AND CLASSIFICATION PLAN AND THE AUTHORIZED BUDGET EXPENDITURES OF THE CITY OF LEE'S SUMMIT, MISSOURI.

Key Issues:

The United States of Labor is changing how it defines white-collar employees for purposes overtime and minimum wage laws. On May 18, 2016 the Wage and Hour division updated the overtime regulations which increases the minimum wage for exempt level employees to an annual amount of \$47,476.

Due to these changes the City has reviewed the current workforce for impacted positions. Using an analysis tool developed by our Law Department, the City analyzed and documented the status of each impacted position. For a position to be classified as exempt it must meet both the salary tests and the and duties test. The duties test includes administrative, executive, and professional exemptions.

The analysis resulted in the reclassification from exempt to non-exempt for 9 positions and 9 positions being re-graded to the minimum grade for exempt level employees. These changes do not include the Parks Department, which is currently being reviewed. The total financial impact for these changes is expected to be approximately \$6,200.

Proposed Committee Motion:

I move to recommend to City Council AN ORDINANCE APPROVING AMENDMENT NO.4 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED PAY AND CLASSIFICATION PLAN AND THE AUTHORIZED BUDGET EXPENDITURES OF THE CITY OF LEE'S SUMMIT, MISSOURI.

Background:

Earlier this year, the Department of Labor announced the issuance of a Final Rule updating overtime regulations. The Final Rule will go into effect on December 1, 2016. Key provisions of the final rule include setting a standard salary level at the 40th percentile of earnings of full-time salaried workers in the lowest wage Census region, which will be \$47,476.00 and creating a mechanism for automatic updates to the salary and compensation levels every three years.

Several positions within the City were impacted by the Final Rule. In response, the Human Resources Department worked in partnership with the Law Department to develop and implement a test tool for any potentially impacted positions. Additionally, a standard grade threshold was identified as the minimum grade level for exempt level status within the organization. This will help ensure that individuals are graded into positions accurately and in compliance with applicable FLSA rules. Further, it is anticipated that the salary minimum of the applicable grade level can be easily modified as required by the automatic updates built into the final rule to avoid the need for a similar large scale review of impact in future years.

A total of 18 positions within the City are affected by the Final Rule; of those, 9 positions are being re-classified from exempt to non-exempt, due to failure to meet the salary and/or duties tests, while the remaining 9 are being re-graded to the minimum grade level to meet the organizational exempt level status as described above. These modifications organization-wide (excluding Parks & Recreation) are projected to have a net financial impact of approximately \$6,200.00. Projected financial impacts include expected overtime amounts for individuals whose positions must be re-classified from exempt to non-exempt.

Presenter: Denise Kelly - Director of Human Resources

Recommendation: Staff recommends adoption of AN ORDINANCE APPROVING AMENDMENT NO.4 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017, AS ADOPTED BY ORDINANCE NO. 7894, BY REVISING THE AUTHORIZED PAY AND CLASSIFICATION PLAN AND THE AUTHORIZED BUDGET EXPENDITURES OF THE CITY OF LEE'S SUMMIT, MISSOURI.

Committee Recommendation: N/A