“I used to pay with a lump sum, now what do I do?”

Guidelines and FAQs

Rules and Regulations

The Fair Labor Standards Act (FLSA) is a set of federal regulations from the Department of Labor which requires employees to be correctly classified as ‘exempt’ or ‘non-exempt.’ This status indicates whether an employee is eligible or not for overtime compensation.

Hire Before the Work Starts

Employees need to complete the hiring process before they begin working for Boise State. If they are not, it may put Boise State out of compliance with the back-ground check policy, I-9 federal regulations and the FLSA wage and hour act, along with inaccurate reporting to the state on active employees. When an employee performs work without hiring documentation, the university is at risk.

Salary or Hourly

Employees are to be paid for work performed within 30 days. Employees that are classified as exempt are paid a salary. Non-exempt employees are paid at an hourly rate. They must report all hours worked and are eligible for overtime.

There are two tests to determine if the employee can be classified as exempt and paid salary or non-exempt and hourly. These are the Instructional (Teaching Test) and Non-Instructional (Learned Professional Test). If the position is classified as non-exempt it will be paid at an hourly rate with hours submitted in the PeopleSoft Time and Labor system and eligible for overtime for hours worked over 40 in a work week.
FAQs

1. My employee used to be paid as a vendor (independent contractor) as their work is sporadic. I don’t know the dates or the hours he/she works until after a job/task has been complete, how do I hire for this?

   Answer: The best solution is to set them up as an hourly employee. Figure out an hourly rate that will compensate them for the hours they work over a period of time. Whenever the employee works, have the supervisor listed submit the hours into Time and Labor and the employee will be paid appropriately. This ensures the employee is hired before they start work and is only paid when work is performed. The supervisor can manage the hours throughout the budget period.

2. What if an hourly wage doesn’t work for my unit? How can I pay a lump sum for work performed over a period of time?

   Answer: If the employee qualifies to be an exempt salaried employee (see tests above), you would hire as with a salary to be paid over a period of time. However, you still need to submit the hiring paperwork before the first day of work. The employee would be set up with a begin and an end date and the bi-weekly salary amount is calculated from the total compensation.

   A downside to paying salary for a short periods of time is rehire paperwork must be completed for each period of work. Each time there is a break in service a revised I-9 and/or background check may need to be completed. In addition, employee network accesses and payroll information may need to be reestablished, which makes it difficult for the employee.