

Paying Employees Additional Compensation | Best Practices Resource Guide

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Do you have employees who fill in to cover gaps in formation programs or school programs?

Do you have teachers who take on additional responsibilities in After Care, athletics, or clubs?

It is very important for the parish or school as the employer to be paying these employees properly!

There are four primary types of situations in which “additional compensation” should be addressed:

1. An employee whose primary role is exempt has a regular planned assignment in another role. Ex: A High School Science Teacher who also serves as the HS Swim Coach.
2. An employee whose primary role is exempt acts as a fill-in only on an as-needed basis. Ex: A 3rd grade teacher who helps out in After Care when someone calls out sick.
3. An employee whose primary role is non-exempt and has a regular planned assignment in another role. Ex: A parish secretary who also serves as a part-time Before Care teacher.
4. An employee whose primary role is non-exempt and fills in as-needed in another role. Ex: A parish secretary who occasionally works the technology at formation events or Mass when the normal IT staff is on vacation.

Important Notes on Employee Classification:

EXEMPT vs. NON-EXEMPT

As a reminder, exempt employees are defined by Section 13(a)(1) of the Federal Labor Standards Act (FLSA) as employees employed as bona fide executive, administrative, professional, and outside sales employees. For more information on employee exemption status, see:

<https://www.dol.gov/agencies/whd/fact-sheets/17a-overtime>

CONTRACT vs. AT-WILL

If the employee performing additional duties is subject to an **employment contract**, the employee should receive a **contract addendum** outlining the additional duties and additional compensation rates prior to performing the additional duties. If the employee performing additional duties is **at-will**, the employee should receive an **offer letter** outlining the additional duties and additional compensation rates prior to performing the duties.

The chart below offers helpful guidelines for how the employees in each of the situations should be compensated.

	Planned Regular Assignment	Fill-in As-Needed
<p>Primary role is exempt</p> <p>NOTE: <i>Legally, no additional compensation is required for additional duties due to exempt status. However, many organizations choose to acknowledge the dedication of their employees who take on extra duties through additional compensation. This chart addresses the situation in which additional compensation is offered.</i></p> <p>DO NOT PAY EXEMPT EMPLOYEES AN HOURLY RATE FOR ANY DUTIES. If you pay exempt employees an hourly rate, they are no longer classified as exempt by the Department of Labor and are entitled to overtime pay!!!</p>	<p>Situation 1 <u>Base Pay:</u> Use the regular rate for time worked in the primary role. Pay for any additional duties performed should be provided in the form of “Additional compensation”, paid to the employee per assignment on a monthly basis, indicated in payroll using a different earnings code. If multiple employees fill in for different amounts of time, create pay guidelines with certain rates based on number of sessions or number of days worked. If at any point the additional compensation exceeds \$1000 on one paycheck, the additional compensation should be taxed at the Bonus rate, as defined by the IRS and Wisconsin Withholding Requirements. The additional compensation should NOT be reported as pensionable earnings.</p> <p><u>Overtime Pay:</u> N/A</p>	<p>Situation 2 <u>Base Pay:</u> Use the regular rate for time worked in the primary role. Pay for any additional duties performed should be provided in the form of “Additional compensation”, paid to the employee per assignment on a monthly basis, indicated in payroll using a different earnings code. If multiple employees fill in for different amounts of time, create pay guidelines with certain rates based on number of sessions or number of days worked. If at any point the additional compensation exceeds \$1000 on one paycheck, the additional compensation should be taxed at the Bonus rate, as defined by the IRS and Wisconsin Withholding Requirements. The additional compensation should NOT be reported as pensionable earnings.</p> <p><u>Overtime Pay:</u> N/A</p>
<p>Primary role is non-exempt</p>	<p>Situation 3 <u>Base Pay:</u> Use two different rates, one for each position. The two rates can be the same hourly rate if appropriate for the duties of each job. <u>Overtime Pay:</u> Use the Blended Rate Calculation* for time worked over 40 hours.</p>	<p>Situation 4 <u>Base Pay:</u> Use two different rates, one for each position. The two rates can be the same hourly rate if appropriate for the duties of each job. <u>Overtime Pay:</u> Use the Blended Rate Calculation* for time worked over 40 hours.</p>

*For more information on the Blended Rate Calculation, contact the Office of Parish and School HR.

Tips:

- Consider having ALL teachers sign a contract addendum at the beginning of the school year.
- Not sure if a principal qualifies for additional comp? Take these recommendations to the School Board and request they make the call regarding additional comp for extra duties performed by the principal.

SAMPLE CONTRACT ADDENDUM FOR ADDITIONAL ROLE

[School Letterhead]

Addendum to Contract

I understand that should I perform additional duties in the _____[Before Care, After Care, etc.] program as defined by the Principal and/or Pastor, I am expected:

- to perform all duties as directed by the _____[Principal, Pastor, Before Care Director, After Care Director, etc.] and outlined in the attached job description (if applicable).
- to perform my regular [teacher or principal] duties as outlined in my contract. I understand my duties as outlined in my contract shall not interfere with my duties in the ____ [Before/After Care] program.

I understand that should I perform additional duties in the _____[Before Care, After Care, etc.] program as defined by the Principal and/or Pastor, I will receive the following compensation:

- \$[amount] per Before Care Program Session/Day, regardless of the number of hours worked.
- \$[amount] per After Care Program Session/Day, regardless of the number of hours worked.

I understand that compensation for the additional duties as defined above will be paid on a monthly basis.

_____ (Employee)

_____ Date

_____ (Supervisor)

_____ Date

SAMPLE OFFER LETTER FOR ADDITIONAL ROLE FOR EXEMPT AT-WILL EMPLOYEE

[School Letterhead]

[Date]

[Employee Name]

[Employee Address]

Dear [employee first name],

Thank you for accepting a position as [title of position, ex: "Temporary After Care Assistant"] for the school year of [school year].

This is a letter of employment and is non-binding. You are an at will employee. Please note that you will only be paid for program sessions worked.

The following information will confirm your employment status:

Position: [title of position, ex: "Temporary After Care Assistant"]

Position Status: Temporary, Part-Time, on as-needed basis

Office/Department:

Manager:

Job Description: Please see attached sheet. [Note that employee should sign job description annually].

Start Date: [Date of first session additional duty is performed.]

Compensation: \$[amount] per [program name, ex: After Care] session, paid monthly in addition to your compensation for your primary role as [position title, ex: Director of Religious Education].

Benefits: There are no additional benefits associated with this role.

Any questions should be directed to [name of contact person] at [phone or email of contact person].

Signed,

[Principal Signature and Date]

We hope you find this Best Practices Resource Guide to be a helpful tool. Please contact the Office of Parish and School Human Resources with any questions.

Parish and School HR Helpline
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