

Q&A with the Experts: Simplifying K-12 Labor and Grants Compliance

Easing the burden of labor compliance and reporting.

We all know about labor laws and how you are required to pay hourly workers overtime when they work 40 hours or more. We also know about FMLA, and how employees' jobs are protected while they are on medical leave. However, in school districts, given the uniqueness of our industry, how employees are paid, and the many jobs they work, labor compliance and grant tracking can prove quite difficult without the right management tools in place.

See highlights from a discussion titled, "Easing the Burden of Labor Compliance and Grant Tracking," between the K-12 industry experts and school district leaders featured below:



Rob Tibbs, K-12 Industry Consultant, UKG (Ultimate Kronos Group)

Rob brings 15 years of K-12 experience to customers in his role as K-12 Industry Consultant and Subject Matter Expert. Rob was formerly the Director of Payroll for Jefferson County School District, AL, where he successfully transitioned the district from a manual, paper-based environment to UKG.



Scott Frein

*Sr. VP State Government Relations
McGuireWoods Consulting LLC*

Scott serves as a senior vice president at McGuireWoods Consulting, where he leads the expansion of the firm's West Coast public affairs team. Scott is also the co-lead of the national education team and serves on the national and multistate practice team. He has nearly 20 years of experience working on policy and legislative matters at the national, federal, and state levels.



Billy Beattie

*Director of Business Systems,
Payroll, and Benefits
Humble Independent School District*

Billy graduated from Texas A&M University and has 13 years of K-12 and higher education work experience in Texas. He has supervised many departments throughout his career and currently oversees business systems, payroll, benefits, and risk management at Humble ISD.

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Scott, can you give us some insight into ensuring labor compliance in schools and what districts should consider?



Let me start with the Fair Labor Standards Act, best known as FLSA, which established minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector at the federal, state, and local government levels. The Wage and Hour Division, WHD, of the Department of Labor administers and enforces the FLSA. Covered nonexempt workers are entitled to a minimum wage of not less than \$7.25 per hour. The act has been in effect for almost 10 years. Nonexempt workers are generally paid on an hourly basis, but they must be paid for all hours worked, including overtime pay. Overtime pay at a rate not less than one and a half times the regular rate of pay is required after 40 hours of work.



That seems pretty basic and should be easy to track and stay in compliance with. However, we know in K-12 there are many other variables to consider when ensuring compliance with FLSA, FMLA, and ACA.

Billy, can you speak to those considerations and how you currently track employees' work time to stay in compliance?



Our school district has a unique situation where the amount of time that we work doesn't always fall in line with the calendar. So, different employee types have different contract lengths. We made things easier for our nonexempt staff by **annualizing their salary** based on their scheduled contract hours.

To remain compliant with FLSA, we have those staff members clock in and out every day and make adjustments based on their scheduled hours and comp time adjustments for payroll.

Throughout the year, they can add time into their comp bank and use it as time off. The employee could opt to be paid out on some of their comp balance. At the end of the year, we only allow so much time to be carried over into the new year. And that's how we've addressed it for a number of years, and it's been pretty successful.

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As Scott mentioned earlier, we also must ensure that we are always paying these employees minimum wage.

Can you speak to some common mistakes districts make when paying nonexempt employees?



The most common mistake we see districts make is paying nonexempt employees a stipend or a supplement for job duties. While this payment method is acceptable, you must also ensure that their pay equals or exceeds minimum wage.

This means the hours worked for each duty and the hours performed for the stipend are factored into their overall hours worked and overtime hours. I think Billy can speak to this in a deeper way with respect to his experience in districts.



We try to eliminate or minimize the need for supplemental and stipend type pay for nonexempt employees. We want to be sure they're swiping in and out every day for jobs they are assigned for their primary job and maybe one additional job. We try to stay away from adding more than two jobs at the same time, making sure the school schedule is added to their timecard in UKG, so the system automatically transfers the payroll data to the correct funding source and labor level accounts.

“The system automatically transfers the payroll data.”



So, we've talked about FLSA and the requirements to ensure compliance along with all the details we have in K-12 that make that so much harder to track.

Scott, what are the record-keeping requirements to track these jobs?



Every employer must keep certain records for nonexempt workers, as well as display an official poster outlining the provisions of FLSA. And an employer must keep records with identifying information as well as data about hours worked and wages earned.

Electronic timekeeping methods are allowed, and it's important to consider this in K-12, especially given what's happened with COVID-19 and so many teachers working from home.



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Wow! As you can see, tracking labor in K-12 isn't that cut and dried. While on the topic of grants, we discussed those record-keeping requirements.

What are important considerations when it comes to reporting and keeping audit records for labor charged to federal grants?



Let's talk about personnel activity reporting. First, personnel activity reports date back to the 1980s and they're required for every employee who has some compensation charged either wholly or in part to grants.

Personnel activity reports must meet a few standards. One, they must reflect the after-the-fact determination of the actual activity of each employee. Budget estimates don't qualify as a support for the charges to awards. They also must account for the total activity for which an employee is compensated. They must be signed by the employee or supervisor with firsthand knowledge of the activities performed by the employee. And then, finally, they must be prepared at least on a monthly basis and coincide with one or more pay periods. PARs are in addition to the requirements of the Department of Labor's FLSA, which we talked about earlier.

Personnel activity reporting is a critical piece to not only ensuring compliance with current-year funding but also getting future-year funds.

Rob Tibbs



We have talked about a lot of things related to labor compliance and grant tracking. We hope you gained additional insight and now can think about ways you can improve your processes to ensure labor compliance.

Thanks, Scott and Billy, for sharing today!



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