

Salary and Overtime Rules for Churches and Ministries

The presentation will begin shortly...



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CPE needed?

Within one week, send an email requesting CPE, complete the course evaluation and provide the list of CPE codes provided during the presentation to:

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Remote Accounting Services

- We provide bookkeeping services to churches and Christian nonprofits including:
 - Produce a monthly financial report for leadership
 - Process contributions and bills
 - Record all transactions in the general ledger
 - Reconcile bank accounts, credit cards, and close the books each month
 - Process payroll and file all quarterly and annual payroll forms
 - Provide budget and cash flow projection oversight
 - Give assistance with internal controls



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Remote Accounting Services

- Why do we provide this service?
 - With online software solutions dramatically improving, outsourced bookkeeping has become a popular alternative to in-house bookkeeping
- Top reasons our clients use our remote accounting services:
 - Managing finances distracts the organization from its mission
 - Leadership and member increased confidence in their finances
 - Tax and accounting regulations are complex and changing faster than ever
 - They want a trusted advisor to provide CPA oversight



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Salary and Overtime Rules for Churches & Ministries

February 8, 2023

By: Featuring Guest Speaker: Caleb Stewart of Oseran
Hahn, P.S.



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MISSION, MINISTRY AND MITIGATION

Understanding employment
law in ministry settings

February 8
Caleb M. Stewart,
Esq.

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Fair Labor Standards Act (FLSA)



Fair Labor Standards Act of 1938

- In 1938 Congress enacted the Fair Labor Standards Act to protect employees engaged in interstate commerce from substandard wages and excessive working hours.
- Who is an employer? What is an “enterprise”?
- Who is an employee under the FLSA?
- Exemptions under the FLSA=“Exempt Employees”, meaning exempt from the FLSA
- Ministers, under the Ministerial Exception, are more broadly “exempt”—but with a few caveats and important clarifiers

MINIMUM WAGE ACT



Washington State's
response to calls for
fairer wages

Minimum Wage Act

- **RCW 49.46.005 to 49.46.920**
- Minimum Wage Act (WMWA) establishes the minimum standards of wages, hours, and working conditions for nonexempt employees. Any other applicable standard under the WMWA that is more favorable to employees will control.
- "Exempt" vs "non-exempt" is critical
- Washington Supreme Court has previously dealt with ministerial pay; a state-focused claim re: unfair wages for a minister
- Willful violations=potential double damages against employers
- Record keeping is also paramount under Washington law

The Ministerial Exception



Key Points

- *Hosanna-Tabor Evangelical Lutheran Church & School, v. EEOC*, 565 U.S. 171 (2012).
- *Our Lady of Guadalupe School, v. Morrissey-Berru*, 140 S.Ct. 2049 (2020).
- Pressing legal issue: who is a “minister”? Tax exemptions and employment law tests are very different. The ministerial exception is often misapplied by churches.
- “Totality of the circumstances” test for employment purposes.
- Job description and function as tied to ministry critical in protecting the ministry and mitigating against potential lawsuits.
- *Woods v. Union Gospel Mission* will likely have lasting impact on Ministerial Exception.

Exempt Employees



Who is Exempt?

- Differences between FLSA and WMWA
- The primary exemption classifications are: **Executive, Administrative, and Professional.**
- There are different applicable tests for exempt employees depending on the type of exemption that is being applied. This is why it is critical for organizations to have clear descriptions, understandings and role(s) carved out as tied to the ministry's purpose.
- Where there are differences between federal and state laws or rules governing wages, hours, and working conditions, employers must follow the regulations that are more favorable or more protective to the employee.



Non-Exempt
Non-Exempt
Non-Exempt

NON-EXEMPT EMPLOYEES

Non-Exempt Workers

- Every employer must pay **nonexempt** employees at least the minimum wage. These wages have increased yearly pursuant to the WMWA.
- Who is a “covered employer”?
- What hours are covered?
- How should an employer stop or mitigate against inadvertent overtime?
- What about minors?

1025

Stipends & Internships



The background of the image is a dark, arched doorway set into a stone wall. The doorway is made of dark wood or metal with a grid-like pattern. The stone wall is made of large, irregular blocks. The title is written in a large, white, stylized font with a brushstroke effect. The subtitle is written in a smaller, white, sans-serif font with a blue outline, and it is flanked by two horizontal orange bars.

POLICIES, PROCEDURES AND PRACTICALITIES

HOW TO MITIGATE
AGAINST CLAIMS



Questions?

cstewart@ohswlaw.com

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Next Webinar

• • •

March 15, 2023: 12:00p.m. – 1:00p.m.

Impact on Nonprofits from the Current Economy

Featuring: **David Lee** of Thrivent Church Financing



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Thank you for joining us

Please reach out with any questions:

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