

Church Financial Hot Topic

Minimum Wage and Youth Labor Laws

In May of 2007, President Bush signed a bill that amended the Fair Labor Standards Act (FLSA) to increase the minimum wage over three years for employees. Who is an employee? Generally, everyone the church hires, pays, or provides benefits for is an employee. The U. S. Department of Labor's definition is a little more ambiguous than the IRS guidelines for defining who is an employee. Employees are "any individual employed by an employer" and goes on to include persons who "suffered or permitted" to work. The increases in the minimum wage began in July of 2007 and increased annually in July through 2009. The increased minimum wages for employees:

\$5.85 per hour beginning July 24, 2007

\$6.55 per hour beginning July 24, 2008

\$7.25 per hour beginning July 24, 2009

Many churches utilize youth to fill voids for part-time work such as nursery or maintenance. This is a permissible and beneficial practice, but the FLSA has some youth labor laws that the church must comply with in order to employ youth. Once a youth reaches 18 years of age, he or she is no longer subject to the Federal child labor provisions. Youth ages 14 and 15 cannot work any longer than three hours on school days, eighteen hours in a school week, eight hours on non-school day, or forty hours on a non-school week. Under the FLSA, employees 16 to 17 years old may be employed for unlimited hours in any occupation other than those deemed hazardous by the Secretary of Labor. This means for churches that no 16 year olds should be driving as part of their job requirement or only limited driving for 17 year olds. All construction projects are usually unsafe and not allowable for youth under 18 years old. Youth under the age of 18 may work outside school hours as long as they obtain a work permit. Work permits are available through the student's school and can usually be obtained from the counselor's office. Fourteen is generally the minimum age for employment under the FLSA.

Enforcement of the FLSA by the Department of Labor can be done with administrative communication, which the church should comply with or through court action. Violations are serious and could lead to civil or criminal action with penalties up to \$1,000 for violations of minimum wage and overtime pay provisions. Employers violating youth employment provisions could be penalized up to \$10,000.

Obtaining the proper documentation (W-4, G-4, I-9, New Hire Reporting, and youth-required work permit, when applicable) for each employee will insure the church has the ability to follow these provisions. Maintaining time sheets is also important to make sure the church does not mistakenly violate any of the labor laws outlined in FLSA whether it is youth, minimum wage, or overtime laws.

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