Reader’s Choice Award: Exempt vs. Non-Exempt



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The results are in: “Classification Conundrum” is the most popular article on the Center’s website. This piece, updated just this week, offers soothing relief for a common source of heartburn among human resource professionals: Is employee X an *exempt* or *non-exempt* worker? Determining whether nonprofit staff members are eligible for overtime pay, continues to strain the brains, patience, and budgets of astute leaders and best-in-class organizations. According to a handful of Center clients, the topic is a sensitive issue that often causes internal squabbling in addition to anxiety.

Here are a few pointers as you navigate the legal and regulatory guidelines pertaining to overtime pay and worker classification:

- It is never appropriate to classify an employee as “exempt” from overtime pay simply because you can’t afford to pay overtime.
- “Exempt” status should never be assigned to make an employee feel valued.
- It is a good idea to let non-exempt workers know that they should seek and obtain approval before working overtime hours.
- An employee who ignores your rule requiring advance approval for overtime may be disciplined; but, that discipline can never include withholding premium pay for actual overtime hours worked.
- If your head is starting to hurt or there’s a knot in your stomach as you read this, it’s probably time to conduct an internal review of all positions in your nonprofit. Refer to the “Classification Conundrum” article as you review each position description to determine whether it has been properly classified.
- When in doubt, choose “non-exempt.”

I invite you to visit “Classification Conundrum” online for our two-step process for settling the dispute you’re having at your nonprofit about which workers are exempt… and which are not. The updated article includes links to several helpful DOL fact sheets on this topic. If the pain you’re experiencing in your human resources function is severe or worsens in the weeks ahead, contact us to explore our approach to a limited scope risk assessment focused on HR, or sign up as an AFFILIATE member of the Center to enjoy pro bono RISK HELP™ throughout the year . We’re here to help.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your ideas about any risk management topic, suggestions for best-in-class risk management, and questions about the Center’s resources at Melanie@nonprofitrisk.org or 703.777.3504. The Center provides risk management tools and resources at www.https://nonprofitrisk.org/ and offers consulting assistance to organizations unwilling

to leave their missions to chance.