



Guide to Managing Labor Law Compliance

Integrated Workforce Management Tools Can Help Protect Your Organization

Effectively managing your workforce requires understanding and following legal requirements for hiring, scheduling and paying your employees. Federal laws such as the Fair Labor Standards Act (FLSA), the Family and Medical Leave Act (FMLA), and the Affordable Care Act (ACA) help you provide employees with a fair and equitable employment experience.

Though labor laws set valuable standards that protect employees, they also present compliance hurdles for employers. In a [National Small Business Association survey](#), business leaders reported the need to meet Department of Labor requirements as their biggest compliance challenge, with only the IRS rated as more challenging. Not only do labor laws govern just about every aspect of the employment relationship, but they can also change over time. Moreover, the penalties for noncompliance can be sizable and include regulatory fines, lawsuits and reputational damage.

Small business leaders report that meeting Department of Labor requirements is one of their biggest compliance challenges—second only to the IRS.

Despite its challenges, labor law compliance is achievable, and it can also help you maintain a productive and engaged workforce. It is up to your organization to understand which labor laws affect your workforce, but with integrated workforce management tools to help you automate processes for [time and attendance](#), [scheduling](#), and more, you can maintain both compliance and efficient business operations.

Staying in Compliance with Key Labor Laws

Part of the challenge of labor law compliance is the sheer number of individual laws and requirements you must follow. As one of the most active federal agencies, the Department of Labor administers and enforces [more than 180 federal laws](#), covering everything from employee classification and overtime eligibility to workplace health and safety. The agency also enforces these laws through periodic audits, which can carry hefty fines for noncompliance, as well as back pay to employees who have received inaccurate pay.

Labor laws can be quite complex; some apply only to companies in certain industries or with more than a specific number of employees. Moreover, you also need to comply with state-specific labor laws, many of which are updated frequently. The combination of federal and state laws can quickly become overwhelming, making it necessary to rely on workforce management tools that can automate key processes and help you stay in compliance.

You may rely on a benefits broker, such as Mercer or Alliant, to help you stay up to date with labor laws, but if you don't, TCP's Human Resources team also recommends the follow sites:

- [Department of Labor \(DOL\)](#)
- State Workplace websites, such as: [Texas Workforce Commission](#)
- [Occupational Safety & Health Administration \(OSHA\)](#)
- [Society for Human Resource Management \(SHRM\)](#)
- [ThinkHR](#)
- [Minimum Wage Monitor | Poster Guard](#)
- [Centers for Disease Control \(CDC\)](#)

Here is a summary of the core labor laws facing your business and key considerations for staying in compliance with them:

Fair Labor Standards Act (FLSA)

Enacted in 1938, the [FLSA](#) regulates employee working hours and pay standards, including the federal minimum wage and overtime eligibility rules. On the surface, the FLSA requirement to pay overtime seems relatively straightforward. But maintaining compliance becomes more complicated in practice, especially when you have variations in schedules and wage rates across your workforce.

To stay in compliance with the FLSA, you need to pay employees one and a half times their regular rate of pay for any hours worked over 40 per week and keep accurate records of employee hours and wages. To achieve sustained compliance, you also need processes for managing other variables in the workday, such as break periods and shift differentials. Integrated workforce management tools provide support for meeting these requirements, helping you to take the following actions:

- Capture accurate employee punch-in and punch-out times
- Record and pay employee overtime hours, including standard "time and a half" and double time
- Calculate accurate wages based on actual hours worked

Affordable Care Act (ACA)

Though the [ACA](#) is most commonly associated with Obamacare healthcare provisions, it also has broader implications for workforce management and employee time tracking. For example, the ACA requires employers to offer health insurance to employees working at least 30 hours per week, including those who are classified as part time. Complying with this ACA requirement may be simple for employees who work the same 30 hours every week, but when employees work variable schedules, you'll need to use one of two methods to calculate hours for the purpose of determining benefits eligibility:

MONTHLY METHOD:

Employees working [at least 130 hours](#) per month or 30 hours per week every month are eligible for benefits

LOOK-BACK METHOD:

Employees who work an [average of 30 hours per week](#) between a period of three and 12 months are eligible for benefits

Though a legal professional can tell you which method is best for determining benefits eligibility for your workforce, integrated workforce management tools can handle the calculations and related reporting for you, so you immediately know when employee benefits eligibility changes. Robust time-tracking software also provides automated tools to help you accomplish the following:

- Set employee schedules and easily make changes when needed
- Track hours worked by full-time, part-time and seasonal employees
- Run reports that show you time and attendance trends by job, location or parameter



Family and Medical Leave Act (FMLA)

The FMLA provides employees of companies with at least 50 employees with up to [12 weeks of unpaid leave](#) for a serious health condition or to care for an adopted or newborn child or ill family member (26 weeks if the family member is a U.S. service member).

Not only do you need to provide FMLA leaves when required by law, but you also need to carefully manage leaves [in conjunction with employee time and attendance](#). If you have employees out on intermittent leave or leave that coincides with other time off, it's critical to have tools for reconciling employee leaves with work scheduling and corresponding pay. An integrated workforce management solution helps you do the following:

- Track the time employees are out on FMLA or any other leave
- Calculate leave balances and return-to-work dates
- Set rules for tracking FMLA leaves in conjunction with [state-mandated family and medical leaves](#)



State Wage and Hour Laws

In addition to federal labor laws, several states have passed laws for setting pay rates, overtime, and time off. For example, in locations such as New York City, California, and Washington, DC, the [minimum wage rates are more than double](#) the federal minimum wage of \$7.25. In California, employees receive overtime pay for time worked in excess of eight hours for any workday and for the [first eight hours](#) of a seventh consecutive day of work. In other locations, such as Connecticut, employees [earn sick time](#) based on the number of hours they work each week. A flexible system that adapts to your organization's needs will help you meet wage and hour requirements in any location where your employees are based.

The key to avoiding labor law noncompliance penalties is taking a proactive approach. By understanding your legal requirements and putting processes in place to manage the risks affecting your workforce, you can avoid compliance nightmares and maintain smooth business operations. And if the Department of Labor visits for an audit, you'll be ready.

How an Integrated Workforce Management Solution Supports Labor Law Compliance

Though you need to understand the core labor laws affecting how you track employee time and attendance, you should also get familiar with some of the more specific scheduling and time-tracking requirements that affect day-to-day workforce management. For example, how do you implement employee scheduling exceptions? Do you have an easy way to keep track of early clock-ins or late clock-outs? What about calculating overtime for employees earning different pay rates for different work in a given week?

By leveraging an automated time and attendance solution, you can avoid some of the common pitfalls of scheduling and tracking employee hours. Here are some of the specific ways integrated workforce management software can help you build more compliance into your talent management activities:

Track Required Breaks and Meal Periods

With the exception of FLSA-required [break time for nursing mothers](#), federal law does not require breaks or meal periods for employees. However, many state laws do have requirements for providing employees with breaks during the workday. For example, states such as California, Massachusetts, New York, and Tennessee [require meal breaks](#) after employees work a specific number of hours.

Instead of relying on guesswork or manual time-collection methods, you can use an integrated workforce management system to help you track employee eligibility for required breaks. With TCP's solutions, you can also establish rules to receive a notification anytime an employee is nearing the work hour threshold or has missed a required meal break. For example, when an employee clocks out for the day, if no meal breaks were logged, the clock can be configured to ask if the employee took a meal break.

Practice Compliant Time Sheet Rounding

It's often easier to round employee working time to the nearest 15-minute increment than count every single minute, especially if you use manual time-collection methods. However, if you consistently round down, you can run afoul of FLSA minimum wage and overtime requirements. To stay in compliance with the FLSA, many organizations apply the so-called "[seven-minute rule](#)." Though it's not a rule, per se, it is common practice to help employers maintain FLSA compliance and build more fairness into time-tracking practices. If an employee works at least seven full minutes but less than eight minutes, you can round the number down to the nearest 15 minutes. But if an employee works at least eight full minutes, you round up. Though this rule was recently [ruled illegal in California](#), other states currently still allow it.

Using the seven-minute rule for time-sheet rounding may be the best solution for reducing waste and building more accuracy into your time-tracking practices, but because of the smaller increments, you need an automated system to do the calculations for you. Even if you prefer to stick with 15-minute increments, you can still configure your workforce management software to follow your policies while staying in compliance with the FLSA.

Set Early Clock-In Limits

Workforce management software can help you enforce time and attendance policies related to when employees can begin working a shift. You can configure your time and attendance system to set parameters for how soon—for example, 15 minutes before the start of a shift—employees can clock in. You can also set a limit for how late employees may clock out, but in that case, you must also make sure employees who clock out are no longer working.

Track Time and Attendance for Union and Non-Union Employees

Sometimes, employees can earn different pay rates according to the work they perform. For example, a manufacturing plant machine operator may earn one hourly rate when operating equipment but another rate when supervising other machine operators at another work site. If that same employee works overtime, an integrated workforce management solution can calculate accurate overtime in line with Department of Labor rules for calculating the weighted-average wage rate. Similarly, your time-tracking system can also help you track overtime for tipped employees who work two jobs with two different rates of pay.

Calculate Overtime for Employees on Blended Schedules

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No matter the makeup of your workforce or its location or size, integrated workforce management tools can be configured to automate your toughest time-tracking and scheduling challenges. As a result, you stay ahead of labor law requirements and manage your workforce more efficiently.

Conclusion

Labor law compliance is a necessary and complicated aspect of managing your workforce, don't add to the complexity by using outdated time-collection and tracking methods that only make compliance more difficult to achieve. Today's integrated workforce management technology automates workforce scheduling, absence and leave management, and time tracking, allowing you to configure your system to conform to your policies and meet federal and state wage and hour requirements.



Want to learn more? Let's talk.

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