



## Wages and Exemptions

### Minimum Wage

Teacher-coordinators must be aware of occupations and businesses which are covered by minimum wage laws and the compensation that is required to be paid.

### Exceptions to Minimum Wage

Because employers of work-based learning students are asked to provide training as well as employment, exceptions to the federal minimum wage can be made. Regular student-learners and disabled learners may receive exemption from the federal minimum wage requirement that will allow employers to pay 75 percent of the minimum wage for student-learners and 50 percent for disabled students. Application for subminimum wages must be filed before the student begins employment.

### Comparison of State and Federal Wage and Hour Laws

ISSUE	IOWA	FEDERAL
<b>Minimum Wage</b>	<ul style="list-style-type: none"> <li>☐ Not less than \$7.25/hour for covered nonexempt workers.</li> <li>☐ Business volume: \$300,000</li> <li>☐ Several counties in Iowa have established higher hourly minimum rates. Contact your county attorney for your county's information on minimum wage rates.</li> </ul>	<ul style="list-style-type: none"> <li>☐ Not less than \$7.25/hour for covered nonexempt workers, effective September 1, 1997.</li> <li>☐ Overtime pay, at a rate of not less than 1-1/2 times the regular pay rate required after 40 hours of work in a work-week. Some exceptions for overtime pay in certain industries, like hospitals.</li> <li>☐ Business volume: \$500,000 or engaged in interstate commerce.</li> </ul>

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<p><b>Initial Employment or Training Minimum Wage</b></p>	<ul style="list-style-type: none"> <li>☐ \$6.35/hour minimum initial rate for first 90 consecutive calendar days of employment with the employer</li> </ul>	<ul style="list-style-type: none"> <li>☐ \$6.35/hour minimum training wage for first 90 consecutive calendar days of employment, <u>limited to employees under 20 years of age</u></li> <li>☐ Employer must comply with more stringent law, so only those Iowa employers <u>not</u> covered by federal law will be permitted to pay workers 20 years old and older \$6.35/hour for first 90 consecutive calendar days of employment.</li> </ul>
<p><b>Youth Minimum Wage</b></p>	<ul style="list-style-type: none"> <li>☐ No Iowa requirement; basic minimum wage applies to all employees of all ages in Iowa</li> </ul>	<ul style="list-style-type: none"> <li>☐ \$6.35/hour minimum permitted for employees under 20 years of age during first 90 consecutive calendar days of employment with an employer.</li> <li>☐ Employers are prohibited from reducing employees' hours, wages, or benefits, or otherwise displacing current employees to hire at youth minimum wage.</li> <li>☐ <a href="#">Fact Sheet #32: Youth Minimum Wage</a></li> </ul>

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<p><b>Tipped Employees Minimum Wage</b> (employees customarily and regularly receiving more than \$30/month in tips)</p>	<ul style="list-style-type: none"> <li>☐ \$4.35/hour minimum, as long as tipped employee receives at least an average of \$7.25/hour in tips</li> <li>☐ Tips may be considered part of employee wages, but such wage credit must not exceed <b>40 percent</b> of the minimum wage</li> <li>☐ Employers who elect to use tip credit provision must inform employee <b>in advance</b> and must be able to show that employee receives at least the minimum wage when direct wages and tip credit are combined. If employee's tips and employer's direct wages do not equal minimum hourly wage, employer must make up the difference. Employees must retain all tips, except when participating in valid tip pooling or sharing arrangement.</li> </ul>	<ul style="list-style-type: none"> <li>☐ \$2.13/hour, as long as tipped employee receives at least \$3.02/hour in tips</li> <li>☐ Employers who elect to use tip credit provision must inform employee <b>in advance</b> and must be able to show that employee receives at least the minimum wage when direct wages and tip credit are combined. If employee's tips and employer's direct wages of at least \$2.13/hour do not equal minimum hourly wage, employer must make up the difference. Employees must retain all tips, except when participating in valid tip pooling or sharing arrangement.</li> <li>☐ Employer required to comply with more stringent law, so Iowa employer must comply with Iowa law.</li> <li>☐ <a href="#">Fact Sheet #15: Tipped Employees Under FLSA</a></li> </ul>

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<p><b>Subminimum Wage Provisions</b></p>	<ul style="list-style-type: none"> <li>□ Certain individuals may be employed at less than the statutory minimum wage, as an incentive to provide employment opportunities for specific populations</li> <li>□ Covers student-learners (work-based learning education students); full-time students in retail or service businesses, agriculture, or institutions of higher education; individuals whose earning or productive capacity is impaired by age or physical or mental disability or injury</li> <li>□ Employment permitted only under certificates issued by the US Department of Labor, Wage &amp; Hour Division</li> <li>□ All federal certificates are honored by the Iowa Division of Labor Services, as long as the percentage granted is applied to the appropriate Iowa minimum wage</li> </ul>	<ul style="list-style-type: none"> <li>□ Certain individuals may be employed at less than the statutory minimum wage identified in the FLSA, as an incentive to provide employment opportunities for specific populations</li> <li>□ Covers student-learners (work-based learning education students); full-time students in retail or service businesses, agriculture, or institutions of higher education; individuals whose earning or productive capacity is impaired by age or physical or mental disability or injury</li> <li>□ Employment permitted only under certificates issued by the US Department of Labor, Wage &amp; Hour Division</li> <li>□ <a href="#">Fact Sheet #39: The Employment of Workers with Disabilities at Subminimum Wage</a></li> </ul>

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<p><b>Exemptions from Minimum Wage*</b></p> <p>*See illustrative, non-inclusive examples on page 10.</p>	<ul style="list-style-type: none"><li>□ Specific exemptions exclude some employers</li><li>□ Because exemptions are narrowly defined, employers should carefully check exact terms and conditions*</li><li>□ Information about exemptions from Iowa minimum wage law is available from the Iowa Division of Labor Services</li></ul>	<ul style="list-style-type: none"><li>□ Some employers exempt from overtime pay law or both minimum wage and overtime pay laws</li><li>□ Because exemptions are narrowly defined under FLSA, employers should carefully check exact terms and conditions*</li><li>□ Detailed information is available from local USDOL Wage &amp; Hour offices</li><li>□ <a href="#">Fact Sheet #17G: Salary Basis Requirement and the Part 541 Exemptions Under FLSA</a></li></ul>
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<p><b>Employers Covered</b></p>	<p>An enterprise of related activities performed through unified operation or common control by one or more individuals for a common purpose, and is</p> <ul style="list-style-type: none"> <li>□ Engaged in laundering, cleaning, or repairing of clothing or fabrics; or</li> <li>□ Engaged in the business of construction or reconstruction; or</li> <li>□ Engaged in the operation of a hospital, an institution primarily engaged in the care of the sick, aged, or mentally ill or physically disabled who reside on the premises, a school for mentally ill or physically disabled or gifted children, a preschool, a day care, an elementary or secondary school, or an institution of higher education (public or private, operated for profit or nonprofit); or</li> <li>□ Comprised exclusively of one or more retail or service establishments whose annual gross volume of sales made or business done is not less than \$300,000, exclusive of separately stated retail excise taxes; or</li> </ul> <p>Any other type of enterprise having annual gross volume of sales made or business done of not less than \$250,000, exclusive of separately stated retail excise taxes; or</p> <ul style="list-style-type: none"> <li>□ An activity of a public agency</li> <li>□ Domestic service workers such as day workers, housekeepers, chauffeurs, cooks, or full-time baby-sitters are covered if they receive at least \$100 in cash wages from the same employer in a calendar year or work more than 8 hours in a week for one or more employers</li> </ul>	<p>An enterprise of related activities performed through unified operation or common control by one or more individuals for a common purpose, and</p> <ul style="list-style-type: none"> <li>– Has annual gross volume of sales made or business done is not less than \$500,000, exclusive of separately stated retail excise taxes; or</li> <li>– Is engaged in the operation of a hospital, an institution primarily engaged in the care of the sick, aged, or mentally ill or physically disabled who reside on the premises, a school for mentally or physically disabled or gifted children, a preschool, an elementary or secondary school, or an institution of higher education (whether operated for profit or nonprofit); or</li> <li>– Is an activity of a public agency</li> </ul> <ul style="list-style-type: none"> <li>□ Construction and laundry/dry cleaning businesses, regardless of annual dollar volume of business; new businesses created after April 1, 1990, must meet \$500,000 test for coverage under FLSA</li> <li>□ Any enterprise covered by FLSA on March 31, 1990 that ceased to be covered because of the \$500,000 test remains subject to FLSA provisions for overtime pay, child labor, and record keeping</li> <li>□ Employees of firms engaged in interstate commerce, producing goods for interstate commerce, or handling, selling, or otherwise working on goods or materials that have been moved in or produced for commerce</li> </ul> <p><i>continued...</i></p>

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	<ul style="list-style-type: none"> <li>□ Employees of enterprises engaged in interstate commerce, producing goods for interstate commerce, or handling, selling, or otherwise working on goods or materials that have been moved in or produced for commerce that have been exempted under state law may be covered by federal law</li> <li>□ Employees of firms not covered under Iowa law may still be subject to federal law if they are <u>individually</u> engaged in interstate commerce or in the production of goods for interstate commerce</li> <li>□ For additional information on minimum wage requirement exceptions, go to Iowa Code 91(c).</li> </ul>	<ul style="list-style-type: none"> <li>□ Employees of firms not covered under FLSA or state law may still be subject to minimum wage, overtime pay, and child labor provisions if they are individually engaged in interstate commerce or in the production of goods for interstate commerce, or in any closely related process or occupation directly essential to such production, including employees who work in communications or transportation; regularly use the mails, telephones, or telegraph for interstate communication; keep records of interstate transactions; handle, ship, or receive goods moving in interstate commerce; regularly cross state lines in the course of employment; work for independent employers who contract to do clerical, custodial, maintenance, or other work for firms engaged in interstate commerce or in the production of goods for interstate commerce</li> <li>□ Domestic service workers such as day workers, housekeepers, chauffeurs, cooks, or full-time baby-sitters are covered if they receive at least \$100 in cash wages from one employer in a calendar year or the amount pursuant to an adjustment provision in the Internal Revenue Code, or they work more than 8 hours in a week for one or more employers</li> <li>□ <a href="#">Fact Sheet #14: Coverage Under FLSA</a></li> </ul>
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<p><b>Payments and Deductions</b></p>	<ul style="list-style-type: none"> <li>□ Required wages, including benefits agreed to by company policy or contract, due on regular pay day for pay period covered</li> <li>□ All wages due to suspended or terminated employee by next regular pay day</li> <li>□ Deductions not legal for items such as cash or merchandise shortages, employer-required uniforms, and tools of trade; others must be authorized in writing by employee; deductions without employee written authorization, if for loss due to employee's intentional or willful disregard of employer interests</li> <li>□ For additional information concerning allowable and disallowed deductions from wages, go to Iowa Code 91A.5.</li> </ul>	<ul style="list-style-type: none"> <li>□ Wages required by FLSA due on regular pay day for pay period covered</li> <li>□ Deductions for items such as cash or merchandise shortages, employer-required uniforms, and tools of the trade are <u>not</u> legal to the extent that they reduce employee wages below minimum rate required by FLSA or reduce amount of overtime pay due under FLSA</li> <li>□ <a href="#">Fact Sheet #30: The Federal Wage Garnishment Law, Consumer Credit Protection Act's Title III (CCPA)</a></li> </ul>



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<p><b>Recovery of Back Wages</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Labor Commissioner may supervise payment of back wages</li> <li><input type="checkbox"/> Labor Commissioner may bring suit for back wages, liquidated damages, attorney's fees, and court costs</li> <li><input type="checkbox"/> Employee may file private suit for back wages, liquidated damages, attorney's fees, and court costs</li> <li><input type="checkbox"/> 2-year statute of limitations</li> <li><input type="checkbox"/> Complaints must be filed within one (1) year of date that unpaid wages were due</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Wage &amp; Hour Division may supervise payment of back wages</li> <li><input type="checkbox"/> Secretary of Labor may bring suit for back wages and an equal amount of liquidated damages</li> <li><input type="checkbox"/> Employee may file private suit for back pay and equal amount as liquidated damages, plus attorney's fees and court costs</li> <li><input type="checkbox"/> Secretary of Labor may obtain injunction to restrain any person from violating FLSA, including unlawful withholding of proper minimum wage and overtime pay</li> <li><input type="checkbox"/> Employee may not bring suit if back wages have been paid under supervision of Wage &amp; Hour Division or if Secretary of Labor has already filed suit to recover</li> <li><input type="checkbox"/> 2-year statute of limitations; 3-year limit in the case of willful violation</li> </ul>

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<b>Poster</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> “Iowa Minimum Wage Law” poster must be displayed where it can be easily seen by workers of employers covered under minimum wage law</li> <li><input type="checkbox"/> Poster available from Iowa Division of Labor</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> FLSA explanation must be posted in a conspicuous place by every employer of workers subject to FLSA minimum wage</li> <li><input type="checkbox"/> <a href="#">FLSA Minimum Wage Poster</a></li> </ul>
<b>Contacts</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Iowa Division of Labor Services 1000 East Grand Avenue Des Moines, IA 50319 515-281-5337 515-281-3606 800-562-4692</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> US Department of Labor Wage &amp; Hour Division Room 643 Federal Bldg 210 Walnut Street Des Moines, IA 50309 515-284-4625</li> </ul>