

FACT SHEET



New paystub law: for congregation treasurers

New Virginia Law: As of March 10, 2020, Virginia employers, including congregations, must provide paystubs to employees (except agricultural workers), on “each regular pay date” showing their rate of pay, number of hours worked, gross wages earned, amount and purpose of any deductions and the employer’s name and address. Receiving a paystub or an online accounting with this information shows workers how they are paid and is essential for filing taxes. This law applies to congregations that employ staff.

What about salaried workers? Salaried workers must get a paystub as well, but for workers who are paid salaries and are exempt from overtime, the paystub does not have to reflect all hours worked. Most “white collar” workers who earn less than \$35,568 per year in salary for full-time work are eligible for overtime, although small congregations may not have to pay overtime if they are not covered by the Fair Labor Standards Act (FLSA). Nonetheless, workers who earn less than \$35,568 per year in salary for full-time work must be given paystubs as described above.

Salary threshold for certain exempt employees: The FLSA requires that most workers be paid time-and-a-half for hours worked over 40 per week except for workers who are exempt from overtime. The FLSA applies to congregations with more than \$500,000 in annual revenue or those involved in interstate commerce. Communicating via email or mail or traveling across state lines is considered interstate commerce. There are a few types of workers that are either exempt from

overtime or both minimum wage and overtime. One large exemption is for executive, administrative and professional employees, so called “white collar” employees. These employees often receive salaries. As of January 1, 2020, the FLSA minimum salary threshold for these white-collar exemptions is \$35,568. If the worker is paid less than the threshold, he/she is eligible for overtime and is not exempt. If workers are covered by the FLSA (most are) and earn less than \$35,568 per year for full-time work, they must be paid overtime for hours worked over 40 per week. Regardless of whether you are required under federal law to pay overtime, you are required to show hours worked for salaried employees who earn less than \$35,568 for full-time work under Virginia law.

What if your congregation’s workers are paid as independent contractors? Be careful. Too many congregations are not paying their employees correctly, calling many musicians, secretaries and others independent contractors when they are usually employees. Be sure to review the Virginia Employment Commission’s website’s section for employers about properly classifying staff. (www.vec.virginia.gov).

How can you generate a paystub? You can arrange for a payroll service or a paystub program. You can still handwrite checks, but you must also give each employee a paystub providing your rate of pay, number of hours worked, gross wages earned, amount and purpose of any deductions and the employer’s name and address. This information can also be provided online.