begin thinking about next season's pay system now

options are available to help you and flatten your payroll, especially in times of huge overtime payments.

by ron hall, senior editor

mid-summer is a poor time to revise a technician pay system. technicians are battling the heat, the work is hard, and the good people who have helped you through the hectic spring don't need any surprises now.

but mid-summer is a good time for a company owner or golf superintendent to gather notes and mull improvements for next system's technician compensation package.

many supervisors/owners pay technicians an hourly rate plus time-and-a-half for overtime. when the technicians work, they're paid; when they don't they're not, for instance when it rains. this system is easy to understand, both for the employer and for the employee.

but it's not necessarily the best pay system for every situation.

one reason for this is overtime. production pressures often dictate that technicians work more than 40 hours per week during the growing season. employees that are not exempt from overtime must be paid extra for any hours over 40 that they work in a particular work week. technicians are not exempt from overtime pay although most administrative, executive, professional, and outside sales people are.

assuming that the technician is making $7.50 per hour for 40 hours under the most common pay system used in the industry, the overtime pay is $11.25 per hour over 40 hours—time-and-a-half. for a 60-hour week, the technician receives $300, the 40-hour wage, plus $225 representing the 20 overtime hours multiplied by $11.25.

but there's another system that might fit some situations better. it's the so-called fixed-salary-for-fluctuating-work-week system. one of its most obvious benefits is that it flattens otherwise huge overtime costs.

in this system the technician receives a salary instead of an hourly wage. let's
make the salary $300 for the customary 40-hour week. With this system, the technician receives $300 even if production is halted, perhaps by a rainy day.

A fixed salary for a fluctuating work week can be confusing to workers, so put it in writing, and review it thoroughly.

But, what if the technician works 60 hours, the typical 40-hour week plus 20 hours overtime, in the week?

By dividing the 60 hours into the salary, the salary amounts to $5 per hour. Then, to pay for the 20 overtime hours, the $5 is halved and the resulting $2.50 is added onto the $5 hour rate—time-and-a-half. The cost of the 20 extra hours of overtime in this system is $50 instead of $225.

"If you follow the rules for fixed salary, you can do it that way," says Richard Lehr, general counsel to the Professional Lawn Care Association of America. "Your labor costs will not be so distorted during the busiest time of the year," he adds.

Lehr admits that a fixed salary for a fluctuating work week can be confusing to employees, so he suggests that the employer put it in writing and review it thoroughly with employees. In fact, Lehr suggests that employers have technicians sign off on it prior to starting their employment.

What about production incentives? They can be added to either system, says Lehr. But employers might have to tinker with their particular system. Wages that are too high or incentives that are too difficult to attain will discourage their intended results.

Some other points that Lehr thinks lawn care employers should be aware of:

- The work week does not have to start on Monday and end on Friday. It can start on Saturday and end the following Friday, for instance. For legal purposes a work week can be any consecutive seven-day period.
- Keep accurate records about the hours each employee works and the pay they receive. Keep these records three years, the statute of limitations.
- If an employee puts down an inaccurate number of hours worked on their time card, you have the right to cross through the incorrect information, date it, initial it and tell the employee that you did it.
- Insist that workers punch in at the correct time.
- Tell employees the amount of time they may take for lunch and the amount of time that's going to be deducted. Allowing employees to work through lunch is generally not a good practice. If an employee has to, it should be substantiated.
- "You have more control over a pay system as a cost item than you may think that you do," says Lehr. But, to be effective, the pay system must benefit the company, be acceptable to employees, and be efficient and implementable.

If an employers has any questions about the legality of their pay system, or changes to their system, they should check with appropriate counsel, or state or federal officials. Violations of Wage & Hour Law can subject an employer to severe financial penalties.

Lehr says the best time to make changes to a pay system are, generally, at the start of a new year, at the beginning of the production season, and on the anniversary of an employee's hire date.

Of course, an employer should be aware of, and closely tracking their system at all times, even in mid summer.

—Lehr is a member of the labor and employment law firm of Lehr, Middlebrooks & Proctor, P.C., Birmingham, Ala. He has spoken at each of PLCAA's 15 annual conferences. The information for this article comes from his presentation at the 1994 conference.