

**Children's Services Council of Leon County (CSC Leon)
Finance and Budget Committee Meeting**

Monday, July 8, 2024 | 5:30 p.m.

CSC Leon Office, 2002 Old St. Augustine Road, Suite A-50, Tallahassee, FL 32301

Members of the public can view the meeting via live stream, when available, on this YouTube channel: <https://www.youtube.com/channel/UCc74A9evhLxbHlrH63-clbQ>.

AGENDA

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. General Public Comment
- V. Fair Labor Standards Act Discussion
- VI. Truth in Millage (TRIM)
 - A. Review of Final Valuation from Property Appraiser
 - B. Review of 2024-25 Millage Chart
 - C. Review of Tentative Millage Rate and TRIM timeline
- VII. Next Meeting Date
 - A. Monday, September 9, at 5:00 p.m.
- VIII. Next Meeting Agenda
- IX. Committee Member Comments
- X. Adjournment

MEMORANDUM

TO: Cecka Rose Green, Executive Director, CSC Leon
FROM: Bryant Miller Olive
DATE: May 7, 2024
SUBJECT: DOL Unveils Final OT Rule That Raises Salary Limits

On April 23, 2024, the U.S. Department of Labor finalized the rule to increase compensation thresholds for overtime eligibility for salaried workers. Effective July 1, 2024, this rule updates and revises the regulations issued under section 13(a)(1) of the Fair Labor Standards Act implementing the exemption from minimum wage and overtime pay requirements for white collar workers, otherwise known as executive, administrative, and professional employees. The final rule increases the minimum salary required for eligibility for the white collar exemptions as well as increases the annual compensation threshold for highly compensated employees (HCEs). The rule also provides for automatic revisions of these levels every three years to reflect the most current data starting July 1, 2027.

To fall within a white collar exemption, an employee generally must meet three tests: 1) be paid a salary, meaning that they are paid a predetermined and fixed amount that is not subject to reduction because of variations in the quality or quantity of work performed (the “salary basis test”); 2) be paid at least a specified weekly salary level (the “salary level test”); and 3) primarily perform executive, administrative, or professional duties, as provided in the Department’s regulations (the “duties test”). The regulations also provide an alternative test for certain HCEs who are paid a salary, earn above a higher total annual compensation level, and satisfy a minimal duties test.

This Final Rule supersedes the previous Final Rule that was published in 2019, which set the minimum salary requirements to qualify for the white collar exemptions at \$684 per week, or \$35,568 per year. On the effective date of the new rule, the minimum salary threshold will be raised to \$844 per week or \$43,888 per year. On January 1, 2025, the minimum salary threshold will be raised to \$1,128 per week or \$58,656 per year. Employees earning under these thresholds would be eligible to collect overtime pay for any work hours over 40 hours in a workweek.

The rule also adjusts the threshold for HCEs. Under the 2019 Final Rule, the minimum salary required to qualify as an HCE was \$107,432 per year. On the effective date of the new rule, the minimum compensation required to qualify as an HCE will be raised to \$132,964 per year (of which at least \$844 per week or \$43,888 per year must be

paid on a salary or fee basis). Beginning January 1, 2025, the minimum compensation will be raised to \$151,164 (of which at least \$1,128 per week or \$58,656 per year must be paid on a salary or fee basis). Starting July 1, 2027, and every three years thereafter, the minimum salary thresholds for the white collar exemptions and HCEs thresholds will be reevaluated.

The Department estimates that there are currently 4 million workers exempt under the current regulations who earn at least a weekly salary of \$684, but less than the new rule's minimum of \$1,128 per week, who will become newly entitled to overtime protection under the FLSA, unless employers take some intervening actions. The Department also estimates that there are 292,900 workers who earn at least \$107,432 per year (the current HCE total annual compensation level) but less than the new HCE total annual compensation amount of \$151,164 per year, and who meet the minimal HCE duties test but not the standard duties test, who will become eligible for overtime, unless intervening action is taken by their employers.

Without a successful challenge to the new rule, it is effective as of July 1. Employers should take stock and review current exempt employees' salaries to determine which employees will be impacted. Some options available to employers in light of the updated thresholds include increasing the salary of the affected employee to at least the new salary level to retain their exempt status or reclassifying employees to nonexempt status if the salaries fall short of the new minimum and reducing or eliminating overtime hours to avoid paying overtime.

CSC Leon Budget Forecast

Prepared July 1, 2024

				Out-year Forecast	
				4.00%	
Fiscal Year	FY 24	FY 25	FY 26	FY 27	FY 28
Valuation	23,134,866,456	25,435,693,909	26,453,121,665	27,511,246,532	28,611,696,393
CURRENT RATE for FY 24 - 0.3477 Ad Valorem at 95%	7,641,937	8,401,949	8,738,027	9,087,548	9,451,050
Projected Annual Increase	558,750.43	760,012	336,078	349,521	363,502
Annual Reserves (8%)	611,355	672,156	699,042	727,004	756,084
Catastrophe Fund (2%)	152,839	168,039	174,761	181,751	189,021
% of op budget	10%	10%	10%	10%	10%
as of June 1 - Preliminary ROLLBACK RATE - 0.3153 Ad Valorem at 95%		7,618,881	7,923,636	8,240,581	8,570,204
Projected Annual Increase		-23,057	304,755	316,945	329,623
Annual Reserves/Cat Fund		761,888	792,364	824,058	857,020
as of July 1 - Actual ROLLBACK RATE - 0.3248 Ad Valorem at 95%		7,848,438	8,162,375	8,488,870	8,828,425
Projected Annual Increase		206,501	313,938	326,495	339,555
Annual Reserves/Cat Fund		784,844	816,238	848,887	882,843
0.3750 Ad Valorem at 95%		9,061,466	9,423,925	9,800,882	10,192,917
Projected Annual Increase		1,419,529	362,459	376,957	392,035
Annual Reserves/Cat Fund		906,147	942,392	980,088	1,019,292
0.500 Ad Valorem at 95%		12,081,955	12,565,233	13,067,842	13,590,556
Projected Annual Increase		4,440,017	483,278	502,609	522,714
Annual Reserves/Cat Fund		1,208,195	1,256,523	1,306,784	1,359,056
Note: FY25 based on June 1 preliminary numbers					
Budgeting at 95% collection rate of valuation per statute directive					

CSC Leon Budget Forecast

Prepared July 1, 2024

			Out-year Forecast 4.00%			
Fiscal Year	FY 29	FY 30	FY 31	FY 32	FY 33	
Valuation	29,756,164,249	30,946,410,819	32,184,267,252	33,471,637,942	34,810,503,459	
CURRENT RATE for FY 24 - 0.3477 Ad Valorem at 95%	9,829,092	10,222,256	10,631,146	11,056,392	11,498,648	
Projected Annual Increase	378,042	393,164	408,890	425,246	442,256	
Annual Reserves (8%)	786,327	817,780	850,492	884,511	919,892	
Catastrophe Fund (2%)	196,582	204,445	212,623	221,128	229,973	
% of op budget	10%	10%	10%	10%	10%	
as of June 1 - Preliminary ROLLBACK RATE - 0.3153 Ad Valorem at 95%	8,913,013	9,269,533	9,640,314	10,025,927	10,426,964	
Projected Annual Increase	342,808	356,521	370,781	385,613	401,037	
Annual Reserves/Cat Fund	891,301	926,953	964,031	1,002,593	1,042,696	
as of July 1 - Actual ROLLBACK RATE - 0.3248 Ad Valorem at 95%	9,181,562	9,548,825	9,930,778	10,328,009	10,741,129	
Projected Annual Increase	353,137	367,262	381,953	397,231	413,120	
Annual Reserves/Cat Fund	918,156	954,882	993,078	1,032,801	1,074,113	
0.3750 Ad Valorem at 95%	10,600,634	11,024,659	11,465,645	11,924,271	12,401,242	
Projected Annual Increase	407,717	424,025	440,986	458,626	476,971	
Annual Reserves/Cat Fund	1,060,063	1,102,466	1,146,565	1,192,427	1,240,124	
0.500 Ad Valorem at 95%	14,134,178	14,699,545	15,287,527	15,899,028	16,534,989	
Projected Annual Increase	543,622	565,367	587,982	611,501	635,961	
Annual Reserves/Cat Fund	1,413,418	1,469,955	1,528,753	1,589,903	1,653,499	
Note: FY25 based on June 1 preliminary numbers						
Budgeting at 95% collection rate of valuation per statute directive						