

Summer flexible schedules: Fun for employees, payroll headaches for you

Well, it's here. Again. Summer. Of the 2,800 employees and senior managers recently surveyed by the Robert Half staffing firm, 52% of employees want flexible schedules during the summer and another 27% want to leave early on Fridays.

The good news, if you're an employee: 54% of the managers surveyed say their companies allow flexible scheduling during the summer and 32% allow employees to leave early on Fridays.

Can you say wage-and-hour headaches?

Then there are just plain, old payroll headaches that arise with summer hires.

Flex it or forget it

Flextime only becomes a problem if employees aren't paid on the basis of a weekly pay period. Unfortunately for you, most employees aren't. Since the Fair Labor Standards Act is strict on workweeks, your only choice is to limit nonexempts' flexible schedules to a workweek basis.

Remember: You can't average nonexempts' hours over more than one workweek.

How does this work out? Let's say your summer flextime plan allows employees to arrive at work any time after 7 a.m. and leave any time after 3 p.m., provided they work their 40 hours during the week and, of course, get their work done. And provided employees work their requisite number of hours, they may leave at 3 p.m. on any day of the week.

This plan gets the FLSA stamp of approval, since nonexempts who work overtime during the week are still paid overtime and it doesn't average employees' work hours over more than one week.

So this is great for employees who want to go to the baseball game and tailgate before, except in California (five Major League Baseball teams and no leeway), which requires you to overtime to nonexempts who work longer than eight hours a day.

Summer hours

If you ever had to sit in a car or bus for four hours to get to your beach time-share, you'd know how important it is to leave early on Fridays. But leaving early on Fridays can be tricky.

If you reduce nonexempts' hours during the summer without reducing their pay, you're increasing their regular rates, because they're working fewer hours for the same pay. You can avoid this trap if your shortened workweeks don't last longer than three months and employees receive their regular pay with the understanding that it's based on hours worked up to 40 in a workweek.

Summer hires

It's now your job to supplement HR's orientation for summer hires.

HR probably told these eager beavers that their pay can be loaded onto their general-purpose debit cards. Not so.

State rules require that employees who are paid by paycard must be able to access their entire net pay fee-free—and general purpose debit cards attach fees to practically everything. *Solution:* Provide them with company-issued paycards and all the documentation that goes along with them before their first payday.

Some other sticky payroll issues HR may have missed:

- **Form W-4.** Summer hires must fill out W-4s. Direct these employees to the IRS' [withholding calculator](#) for help in completing it. *Remember:* Mum's the word on tax advice.
- **Payroll taxes.** Explain to employees that even if they earn too little to owe income taxes at the end of the year, FICA taxes—Social Security and Medicare taxes—must still be withheld from their pay.
- **Tip income.** *All* tip income is taxable. Employees need to keep a daily log to report tips to you if they receive \$20 or more in cash tips during a month.