



Administrative Exemption

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Employees who meet the four criteria below are bona fide administrative employees under DOL's revised exemption regulations. If any of the questions below are answered in the negative, the employee is not exempt as an administrative employee unless he/she is highly compensated.

- Is the employee paid a minimum of \$684 per week exclusive of board, lodging or other facilities?
- Is the employee paid on a salary basis? With certain limited exceptions he or she must:
 - Experience no reduction in salary for variations in the quality and quantity of work;
 - Experience no deduction for partial-day absences; and
 - Receives each pay period a pre-determined amount constituting all or part of his or her compensation; or
 - Pay deductions are based on the principle of public accountability. 29 C.F.R. § 541.710.
- Does the employee's "primary duty" consist of performing office or non-manual work directly related to the management or general business operations of the employer or the employer's customers?
 - The primary duty means the principle, main, major or most important duty that the employee performs.
 - The employee should not be a "blue-collar" worker or a "production worker" (except if the organization's business is producing management services or other business operations for clients, then a production worker may be exempt). 29 C.F.R. § 541.201.
- Does the employee have a primary duty that includes the exercise of discretion and independent judgment with respect to matters of significance?
 - Exercising "discretion and independent judgment" involves comparing and evaluating possible courses of conduct and acting or making a decision after the various possibilities have been considered.
 - Use of manuals and standard operating procedures does not preclude exemption if the manuals contain or relate to highly technical, scientific, legal, financial or other similarly complex matters that can be understood or interpreted only by those with advanced or specialized knowledge or skills. 29 C.F.R. § 541.202.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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