Caregiver Pay Transparency: Reading Music One Note at a Time

Payroll transparency is the harmony in the payroll process, eliminating unnecessary questions to your payroll admins, increasing caregiver retention, and avoiding labor investigations.

Published May 1, 2024



In the symphony of home-based care payroll, there's a melody hidden within the notes of the pay stubs that all caregivers receive. Understanding these pay stubs is the key to harmony between caregivers and their employer, reducing compliance risk and increasing caregiver satisfaction. Unfortunately, understanding the various variables that make up a paycheck can be anything other than straightforward. With caregiver retention issues plaguing the industry, it's now more important than ever to not only attract new talent to your agency but also ensure that they remain happy and knowledgeable about their compensation.

Luckily for the caregivers at your agency, they have a rock star payroll admin leading the way. Like how the legendary Jack Black broke down a song into smaller pieces so a bunch of kids

could understand how to play as a group, it's your job to breakdown payroll so your caregivers can understand it clearly. So, let's break down this symphony and read the music one note at a time.

Gross pay: The opening chord – this is the total amount of money earned before deductions are taken from the check.

Social Security & Medicare: The rhythm section – these taxes ensure stability for all players in the band by preparing them for retirement and medical expenses.

Federal & state/local income taxes: The verses – tailored to each person individually based on location, these make sure your bases are covered when tax season comes around so you don't have any surprise expenses.

Time off: The chorus – everyone's favorite line item! This includes PTO (paid time off) and sick days and should show how many hours have been used to date as well as how many hours remain for the year.

Health coverage/insurance: The sound system – like performing a sound check to adjust the sound to the individual venue, health insurance can be customized to your needs, and deductions will vary based on the type of plan that the individual is enrolled in.

Retirement contributions: The crescendo – deferred compensation plans such as 401(k)s or 403(b)s allow staff to build up retirement accounts over time.

Expense reimbursements: The bridge – this shows the amount of reimbursement for travel or company expenses that caregivers have used personal funds for.

Net pay: The grand finale – what's left after all other taxes and deductions have been removed from the paycheck.

Other common abbreviations that are useful to know when trying to read the music behind the pay stub are:

- YTD: Year-to-date
- FIT or FWT: Federal tax withheld
- SIT or SWT: State tax withheld
- SS or SSWT: Social Security tax withheld
- MT or Medi: Medicare tax withheld

While all of these are good foundational pieces, you're no ordinary payroll admin – you're a payroll rock star! Crank up the volume and take your payroll transparency to new heights with caregiver-specific variables.

Disclose overtime rates: Like an up-and-coming band hopping between gigs, caregivers often work at different places, with different clients, at potentially different rates. However, the federal Fair Labor

Standards Act (FLSA) requires that overtime be paid at “time-and-one-half” of the regular rate. To keep your caregivers, the FLSA, and many states happy, you need to use a blended, or weighted, average rate and disclose all applicable rates to your employees on their pay stub.

Display state-specific pay requirements: Each state has its own setlist of pay requirements. From New York’s spread of hours premium to California’s daily overtime, agencies must harmonize with state laws, ensuring that every premium is showcased on the pay stub stage.

Payroll transparency is the harmony in the payroll process, eliminating unnecessary questions to your payroll admins, increasing caregiver retention, and avoiding labor investigations. Even if you have carefully reviewed all state-specific labor laws and are compliant in paying employees what they deserve, if your pay stub doesn’t itemize and disclose pay premiums properly, you open yourself up to the risk of labor investigations and fines for non-disclosure upon audit. So, crank up the dial on payroll transparency and disclose as much information as you can so your caregiving rock stars can focus on providing care to clients and trust that you are taking care of their pay.

This information is for educational purposes only, and not to provide specific legal advice. This may not reflect the most recent developments in the law and may not be applicable to a particular situation or jurisdiction.