



## 2016 FLSA Changes (Fair Labor Standards Act) Information for Faculty & Staff

### A Brief Guide to the Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) determines whether a position is eligible for overtime pay. An “exempt” position is not eligible for overtime pay. A “non-exempt” position is eligible and must receive overtime pay at time-and-one-half for any hours worked above 40 hours in one workweek.

### Three Tests: Salary Basis, Duties and Salary Level

A position may be considered exempt under the FLSA if it meets three tests. 1.

1. Employee must be paid on a salary basis, not an hourly basis
2. Duties must meet criteria for executive, professional, administrative, computer or outside sales activities
3. Compensation rate (pro-rated full-time rate if part-time) must be at least \$47,476 annually (effective December 1, 2016)

If any one of the three tests is not met, the employee must be classified as non-exempt and eligible for overtime pay. Please note that exempt classification is an option, not a requirement under the law. A position that meets all three tests may still be classified as non-exempt.

### FLSA Status at Anderson University

#### FLSA status affects four areas of employment:

1. Eligibility for overtime pay for hours worked above 40 in one workweek
2. How time is reported
3. Biweekly or monthly pay frequency
4. Benefit deduction amounts per pay

Most other benefits are the same for non-exempt and exempt employees. See the following page for a detailed comparison of exempt and non-exempt employees.

### What Counts Towards Overtime?

Only time worked is counted toward the 40 hours per week required for overtime pay for non-exempt employees. Exception time such as vacation, sick, PTO, holiday, military reserve duty, season days, educational time, funeral, extended sick, and time for jury duty does not count toward the 40 hours per week of time worked that is required for overtime pay.

### Comparing Exempt and Non-Exempt FLSA Status

Item	Non – Exempt	Exempt
Pay Schedule	Biweekly (26 pay dates per year)	Monthly (12 pay dates per year)
Overtime Pay	Time and one half for all hours worked above 40 in a workweek	Not Eligible
Reporting Time	Report all hours worked	Not required to report
Report Exception Time	Report exception time to the nearest tenth of an hour	Report exception time
Earned Time Off Accrual Rates	No change in accrual rates	No change in accrual rates
If Employee works on Holiday	Employee is paid regular time plus the holiday time (equates to double time pay)	Paid for Holiday only no additional pay is provided
Benefit Payroll Deductions	Benefit Deductions are spread over a 24 pay cycle ( <i>not withheld from months with 3 pays</i> )	Benefit Deductions are spread over a 12 pay cycle
If Employee Reduces Hours to Part Time Status	No change in FLSA status	May require reclassification from exempt to non-exempt if rate falls below the required minimum

### How This Change Will Affect You

#### Overtime

You will become eligible for overtime pay effective December 1<sup>st</sup>. As of December 1<sup>st</sup>, you must record all hours worked, including overtime hours, and you will receive additional pay for overtime at one-and-one-half times your regular rate of pay for all hours worked above 40 in one workweek. If your supervisor has not specifically requested that you work overtime, you will need to obtain approval before doing so.

#### Rate of Vacation or PTO Accrual

Your current rate of Earned Time accrual will not change as a result of your new overtime eligibility. You will continue to accrue at the same rate in effect for monthly paid staff as outlined in the staff handbook for your appropriate category

#### Pay Schedule

You will move to a biweekly pay schedule as a result of the change in your FLSA status. You will receive your last monthly paycheck on November 25, 2016. It will include pay for November 1 through November 30. You will receive your first biweekly paycheck on December 16, 2016. It will include pay for December 1<sup>st</sup> through December 10.

### Time Reporting

You will begin reporting your time worked in addition to exception time (overtime and time off) as of December 1<sup>st</sup>. Exception time is reported to the nearest one-tenth of an hour.

### What Will Not Change

Your current rate of pay, benefits, job family, job title and rate of Earned Time accrual are not affected by this change.

### Key Transition Dates

November 25<sup>th</sup>, 2016 – Last Monthly Pay Date for Employees Moving to Non-Exempt (Reflects November 1<sup>st</sup> through November 30<sup>th</sup>)

November 27<sup>th</sup>, 2016 – Start of First Biweekly Pay Period, **begin recording time worked and exception time on December 1<sup>st</sup>.**

December 10<sup>th</sup>, 2016 – End of first biweekly pay period

December 16<sup>th</sup>, 2016 – First Biweekly pay date (Reflects December 1<sup>st</sup> through December 10<sup>th</sup>)

### What You Need to Do

You will need to work with your supervisor, timekeeper or human resources representative to make sure that you know how to report time correctly starting December 1<sup>st</sup>, 2016. You should also discuss with your supervisor how this change may impact scheduling of regular and overtime hours.

In addition, you may want to consider whether you would like to make any personal financial adjustments to prepare for a biweekly pay schedule (26 pay dates per year) rather than a monthly pay schedule (12 pay dates per year). Your direct deposit authorizations will not change with your pay frequency unless you take action to change them.

### Direct Deposit Amounts or Fixed-Dollar Payroll Deductions

You will receive 26 biweekly paychecks per year under your new biweekly pay schedule. If you have currently chosen to make any fixed-dollar direct deposits or payroll deductions that come out of every paycheck (such as deposits to a savings account or contributions to a 403(b) Supplemental Retirement Account), you will need to reduce these amounts to keep the monthly total the same.

### Change Billing Cycles

You may also wish to request that your creditors change your billing cycles if all your bills are currently due at the end of the month. The university will provide you with a letter confirming that your pay cycle has changed if you need verification for any of your creditors. If you need a letter of verification, please contact your human resources representative.