FLSA Overview:

• The Fair Labor Standards Act (FLSA) regulates minimum wage, overtime pay, equal pay, recordkeeping and child labor for all U.S. employees. Under the FLSA, all employers must pay employees at least the federal minimum wage as well as overtime pay for all hours worked in excess of 40 per week at a rate of one and one half times the employee’s base rate of pay.

• Due to recent FLSA regulations changes, the minimum salary threshold for exempt (salary) employees was raised from $23,333 to $47,476. All employers have until 12/1/16 to implement this change.
  • The university’s implementation date is 10/1/16.

• All employees are considered non-exempt under the FLSA unless the employee meets these three “white collar” exemption requirements to be exempt from the FLSA provisions:
  • The Salary Basis Test: The employee is paid a predetermined, fixed salary that is not subject to reduction due to variations in the quality or quantity of work performed. AND
  • The Salary Level Test: To be paid equal to or more than the specified salary threshold of $47,476. AND
  • The Duties Test: Primary duties are executive, administrative, or professional as provided in the Department of Labor’s (DOL) regulations.

University Employee Impact:

• Employees transitioning from exempt (salaried) to non-exempt (hourly) will be:
  • Eligible for Overtime Pay
  • Paid bi-weekly instead of monthly
  • Are required to clock in/out for their shift and track hours worked

Supervisor Considerations:

• Budget:
  • Funding for all increases in pay in order to keep an employee in exempt status will come directly from the department’s budget fund.
  • Consult with your Business Officer and VP Designee

• Job Descriptions:
  • Job Descriptions do not make an employee exempt, rather this is based on the nature of each individual’s work as measured against the three white collar exemption tests listed above.
  • The legal burden of establishing that a person is exempt from the FLSA regulations rests with the employer.

• Time Keeping:
  • Time keeping training will be necessary for employees who will now be required to clock in/out for all hours worked. – Refer to UC Finance Policy 2.7.2 for university guidelines.
  • Time Worked = Time Paid: Employees are to be paid for all hours worked, and employees are to track all time worked. Any work done by the employee that is unpaid is in direct violation of FLSA regulations and may be punishable by disciplinary action up to and including termination.

• Morale:
  • This transition does not reflect the performance of the employee, rather this is only a reclassification of pay.
  • This is federally mandated decision that impacts all employers in the U.S.
  • Allow time for timekeeper training.
  • FLSA FAQ is located at: http://www.uc.edu/hr/compensation-department/flsa/flsa_faq.html

Important Dates:

• August 22: Final date to submit reclassifications and/or salary adjustments to the HR Compensation department.
• September 2: Compensation will send out the final list of employees transitioning from exempt to non-exempt.
• September 9: Master Work Schedules must to submitted to your VP Designee.
• September 30: All supervisors must have had a conversation with transitioning employees, sign/date discussion planner checklist, and return to HR representative to upload to OnBase.
• October 1: UC Implementation date for FLSA regulations.