

Changes to the Fair Labor Standards Act (FLSA)

Town Hall Meetings

September 8 & 9, 2016

Today's Agenda

- The new federal regulations
- Implementation Status
- What comes next

FLSA Changes

- FLSA is the federal regulation that determines who is eligible for overtime
 - Exempt vs Nonexempt
- Two tests to allow for exemption from overtime
 - Duties test, based on job content
 - Salary threshold
 - Currently \$23,660
 - New as of December 1, 2016 \$47,476
- FLSA does not consider pro-rated salaries. \$47,476 is the salary threshold regardless of percent time worked.

FLSA Final Rule

- Final Rule announced on May 18, 2016
 - Salary threshold **\$47,476 (\$913 per week)**
 - Effective on December 1, 2016
 - Includes automatic updates to a new salary threshold every three years
 - No changes to the “duties test”

FLSA Activities at AU

- Since fall 2015, Human Resources and Institutional Leaders:
 - Analyzed the list of potentially impacted employees
 - In September 2015, our exempt employees below the proposed \$50,440 threshold were:
 - » 829 University
 - » 143 Medical Center
 - » 35 Medical Associates
 - With our final numbers, exempt employees below the \$47,476 threshold include:
 - » 699 University
 - » 98 Medical Center
 - » 15 Medical Associates
 - Worked to identify issues and concerns; included at least 2 reviews of impacted employees by college/division
 - Communicated with other organizations on their plans for implementation
- **Received Guidance/Direction from USG August 24, 2016**

AU Impact

- Within the AU numbers, positions span the organization
- Every college has impacted employees
- Every administrative department has impacted employees
- Every VP in the Medical Center & Medical Associates has impacted employees
- Positions span almost every profession
 - Research professionals, including postdocs,
 - Financial & Administrative professionals
 - Academic and Student Services
 - HR
 - Audit
 - Health Services
 - Athletics
 - Information Technology

FLSA - What is Completed, Underway & Next

- Final determinations were made on positions
- Letters to impacted employees were issued via leadership
- Schedule information meetings
 - Town Hall meetings September 8 & 9
- Provide training to both employees and managers
- Provide informational sessions regarding financial planning
- Review policies that impact timekeeping, leave, etc.

What is Not Changing

- Your annual budgeted compensation will not change
- Your job and job title will not change
- Your supervisor will not change
- Your benefits will not change

What is Changing

- AUMC & AUMA Schedule for Employees changing to non-exempt
 - AUMC Employees will receive last check under monthly payroll cycle on October 31, 2016, for the period of October 1 – 29. AUMA employees are already paid biweekly, so there is less of a change.
 - AUMC Employees will begin to record time worked using TimeNet on Sunday, October 30, 2016. AUMA Employees will begin to record time worked using TimeNet on Monday, October 31, 2016. Recording hours worked is FLSA requirement.
 - Employees will receive first check under bi-weekly pay schedule on Friday, November 18. **This check is for a full 14 day period.**
 - Employees will receive 2nd check under bi-weekly pay schedule on December 2 for a full 14 day pay period. The additional pay dates in December are December 16 and 30.

FLSA Assistance

- The Health Center Credit Union (HCCU) will provide 0% to low interest loans to employees affected by the FLSA changes. HCCU can provide loan options and details.
- Budget planning information sessions will be provided by HCCU
- We encourage employees to visit their banking institution to address any automatic drafts that you may have set up so that you can made any modifications that may be necessary due to your change in pay frequency.

FLSA Transition – HCCU Support

- **FLSA Bridge Loan Option up to \$2,000:** For those employees who are impacted by the change to non-exempt. Three (3) easy repayment options. Applications will be accepted between October 1 and December 31.
- **HCCU Skip-A-Pay:** Will allow current members with an existing loan to have monthly payments recalculated and converted to bi-weekly and the next due date extended to 12/9/16 or later based on application date. (\$25 Processing Fee)
- **To apply for either the FLSA Bridge Loan or the Skip-A-Pay option, please contact Mercedes Petkus at Mpetkus@augusta.edu or 706.434.1641 for an appointment.**

FLSA Transition – Key Points

- Once bi-weekly, your benefit premiums and other deductions are withheld from every check.
- Travel Time for Non-exempt employees – There are specific rules around travel for non-exempt employees. Some travel time will be considered compensable and some time will not. We will be updating our policies accordingly.

FLSA Final Reminders

- A potential shift from exempt to nonexempt status is not a reflection on personal performance or importance of an individual's contribution.
- We will continue to value all employees and count on the continued professionalism of all.
- The FLSA is a federal law that impacts employers across the country. **All employers must comply.**
- The DOL intent was to make more employees non-exempt and eligible for overtime.

FLSA Changes

Questions?

Please check Jagwire regularly for updates.