

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 Overview

- 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

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 Activities at USG

- Received Guidance/Direction from USG August 24, 2016
- USG determined that November 1, 2016 was the date for transitioning exempt employees to non-exempt
- This date is intended to be applied consistently across all institutions
- Expressed concern for net take-home pay for transitioning employees during the remainder of calendar year 2016
 - This concern led to:
 - Encouragement to engage financial institutions, such as credit unions
 - Development of a annual leave pay out option
- USG will be providing specific communications for distribution to employees
- Policy updates from the USG are also expected

FLSA - What is Completed, Underway & Next

- Final determinations were made on positions
- USG issued decision regarding Implementation Date of November 1, 2016 for all institutions
- AU adapted its plan to new USG implementation date
- Letters to impacted employees were issued via leadership
- Schedule information meetings
 - Town Hall meetings September 8 & 9
- USG communications to be released this week
- Provide training to both employees and managers
- Provide informational sessions regarding financial planning as arranged by USG and AU
- Review policies that impact timekeeping, leave, etc. based on USG guidance

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

- University Schedule (Based on USG Implementation Date) for Employees changing to non-exempt
 - Employees will receive last check under monthly payroll cycle on October 31, 2016.
 - Employees will begin to record time worked using TimeNet on Tuesday, November 1, 2016. Recording hours worked is FLSA requirement.
 - Employees will receive first check under bi-weekly pay schedule on Friday, November 11 for pay period ending November 5, 2016. Because of November 1 implementation date, this check is for a partial pay period.
 - Employees will receive first full check under bi-weekly pay schedule on Wednesday, November 23 for 14 day pay period ending November 19, 2016.

FLSA Changes

- Transition Assistance for Employees changing to non-exempt
 - USG is offering employees the opportunity to “cash out” up to 48 hours of their annual leave and unscheduled holiday leave to help with the transition.
 - This is a one-time only option limited to affected employees only.
 - This is a voluntary option.
 - Employees with fewer than 48 hours will be allowed to use their full available annual leave balance.
 - Employees will not be able to buy back hours at a later date.
 - Employees electing this option will receive the vacation and/or unscheduled holiday along with their regular pay for hours worked.
 - USG has encouraged institutions with credit unions to make arrangements for the credit unions to provide 0% to low interest loans. HCCU will provide these for AU employees.
 - Budget Planning information sessions will be provided by HCCU and TIAA (arranged by USG)
 - Contact your banking institution to address any automatic drafts 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

- For those employees who are currently in Optional Retirement Plan, the change to non-exempt will **not** affect your retirement. You will remain with ORP since the retirement plan election is irrevocable.
- 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 are awaiting guidance from the USG on this topic.
- USG is developing communications and we will distribute as received.

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.