FLSA Update

UNIVERSITY STAFF COUNCIL

SEPTEMBER 14, 2016
What is FLSA?

The Fair Labor Standards Act was enacted in 1938.

• Established a standard 40-hour work week.
• Established a national minimum wage.
• Guaranteed overtime compensation at one and a half times regular rate.
• Established exemptions for salaried employees.
• Established recordkeeping requirements for employers.
FLSA Exemption Criteria - Current

Duties Test: An employee must meet at least one of the duties tests:
• Administrative
• Computer
• Executive
• Professional

Salary Test: Anyone earning less than $455/week ($23,660/year) is covered (non-exempt).

➢ To be considered exempt from FLSA, an employee must meet **both** the salary test and duties test.
Upcoming Change to FLSA

- Significant increase to the salary test threshold;
  -- From $455/week ($23,660/yr.)
  -- To $913/week ($47,476/yr.) effective December 1, 2016.

- The new regulations also provide that the salary threshold will be adjusted every 3 years to be equal to the 40th percentile of earnings for full-time salaried workers.

There are **no** proposed changes to the duties test.
Impact of FLSA change

Approximately 4,100 UI P&S staff will become non-exempt.
• ~ 1,700 P&S non-bargaining
• ~ 2,400 SEIU
• In addition to 480 P&S that are already non-exempt under the current duties and salary tests. 5600 will remain exempt: 5000 P&S non-bargaining and 600 SEIU.

DOES NOT CHANGE:
✓ Benefits, including retirement, insurances, vacation and sick leave
✓ Policies related to career status, furlough rights, etc.
✓ Value of work and role within the University

DOES CHANGE:
➢ Need to record and be paid for all hours worked in order to determine application of overtime
➢ Need to discuss expectations around work and approval of overtime with your supervisor
➢ Need to have supervisory approval for working over forty hours per week
➢ Need to utilize different codes and entries on leave records
Who will change to non-exempt?

• Generally, incumbents in P&S classifications whose salaries fall below $913/week ($47,476/yr.)

• All incumbents in the following classifications, regardless of salary (duties test):
  • Health Records Associate (PRM1-2A), IT Support Analyst (PIC1-3A), Manufacturing Specialist (PRF1-3A), Revenue Cycle Representative (PVC1-2B), Supply Chain Associate (PBH1-2B)

• Incumbents in the Administrative Services Coordinator (PAA1-2B) and Support Services Specialist (PVD1-3A) unless there is documentation (workflow form) to satisfy the administrative duties test and a salary at or above $47,476

• Incumbents in P&S classifications or positions that the individual college of division may choose to voluntarily designate as non-exempt
  • SEIU covered classifications designated by UI Health Care
Special Provisions – Salary Test

• Coaches: Incumbents in Assistant Coach (PSC1) and Coach (PSC2) classifications are exempt under the teaching exception as long as their primary responsibility is instruction.

• Academic Administrative Personnel: Those jobs in higher education institutions whose primary duty consists of “administrative functions directly related to academic instruction or training” and who interact with students outside the classroom may utilize to a different salary threshold for FLSA coverage, defined as the entrance salary for teachers at the institution.
  • Job families to be included: Academic Advising (PCA), Educational Support Services (PCE), Instructional Services (PCH), Licensed Clinical Professionals (PJB) – Org 49 only
  • The minimum salary threshold for job classifications in these job families will be $39,111, based upon a $32,000 academic year Assistant in Instruction minimum salary, converted to fiscal based upon 11/9ths.

• Academic Year Staff:
  • If paid over 12 months, will use the same 9/11 conversion factor in determining the FTE salary.
Additional UI Issues

- P&S Staff with Adjunct Appointments:
  - The salary of both P&S and adjunct appointments will be combined to determine whether or not the individual will qualify as exempt based upon salary. If the combined weekly salary is below $913/week, the employee will be non-exempt and will need to track all hours worked, including in the adjunct appointment, and will be eligible for overtime based upon a blended pay rate.

- Short Term Appointments:
  - If a short term appointment is a secondary appointment for a nonexempt employee, the hours worked and weekly rate for all hours worked will need to be tracked during the appointment, as the individual will remain eligible for overtime and paid based upon a blended salary rate.

- Staff with Exempt and Non-exempt Jobs:
  - If someone has multiple appointments that include both exempt and non-exempt jobs, the determination of exempt status will utilize the following hierarchy:
    - The job code of the position with the higher percentage appointment will determine FLSA status.
    - If the percentages are equal, the higher salary will determine FLSA status.
    - If the salaries are equal, all positions for the employee will be non-exempt.
UI Effective date

**November 20, 2016:**
December 1 falls in the middle of the work week, so the effective date can be no later than November 27. November 20, 2016 will be used as the University-wide effective date in order to coordinate with UI Health Care scheduling.
Communication Challenges

• Definition of time worked:
  • Mandatory training
  • Traveling for work
  • Remote/after hours work, including email, calendars, etc.

• Supervisor/employee dialogue regarding work expectations
• Use of Comp Time and who determines time vs. pay
• Others?
Communication Strategies

• Standard messaging
  • HR Leaders and Unit HR Representatives
  • Mass email to Supervisors and Staff
  • Expanded web site and resources
  • Iowa Now

• Other mediums?
  • Recorded web based presentations
  • Unit based meetings and presentations?
  • Brown Bags/Forums?
  • Talking points for Staff Council representatives?
Questions? Advice?

PLEASE CONTACT COMPENSATION & CLASSIFICATION FOR ADDITIONAL INFORMATION CONCERNING FLSA REGULATIONS