2016 FLSA QUICK REFERENCE GUIDE

This spring, the Department of Labor announced changes to how some employees are paid. It requires that most employers pay employees who earn below $47,476 per year on an hourly basis. It also requires that these employees be paid for overtime. As an employee impacted by these changes, we want to ensure that you know exactly what to expect in the weeks ahead. To help explain what is changing, what isn’t, and how you may be impacted, we have pulled together some of the most relevant points and summarized them here.

1 Fair Labor Standards Act (FLSA) Defined
- The FLSA is a law dating back to 1938, which governs wage and salary under federal law.
- The FLSA establishes the federal minimum wage and criteria for determining eligibility for overtime based on duties performed, level of responsibility, decision-making authority and salary threshold of compensation.
- The FLSA also requires that all non-exempt employees receive pay for all time worked, and overtime pay at 1.5 times their normal rate for all time worked beyond 40 hours in a set week.

2 The 2016 FLSA Changes
- “Exempt” and “non-exempt” classifications are determined, in part, by way of a salary threshold.
- The 2016 FLSA changes will raise the federal threshold to $913/week or $47,476/year effective 12/1/16.
- This change means that employees whose annual pay is less than $913/week or $47,476/year, will need to be paid hourly, rather than salaried, unless their primary role is that of a teacher, physician or attorney.

3 Impact to University of Rochester Employees
- Faculty and staff alike will be subject to the new salary threshold (with the exception of physicians, attorneys, and employees whose primary role is teaching).
- Employees who make below $47,476/year will need to begin tracking and reporting their work hours in HRMS with the biweekly-hourly pay period beginning 11/27/16.
- Employees who fall into this category will also be eligible for overtime pay (1.5 times their hourly rate), for all time worked beyond 40 hours in set week.
- Your pay rate will remain the same under the new regulations. However, it will be paid on an hourly scale in a biweekly cycle, which means you will be required to clock in and out. Discuss the proper procedure for timekeeping within your workgroup with your supervisor.
- Your benefit eligibility/status will remain the same with this regulatory change (subject to the terms of the various plans).
Conversion to bi-weekly hourly will result in affected employees being paid 26 times in a year, versus the 24 or 12 times these employees were paid when they were salaried (not hourly) employees. The bi-weekly hourly pay cycle “looks back” essentially holding a week’s pay while the two salaried pay cycles semi-monthly/monthly pay employee’s on a current basis. Although an employee’s actual wage will not change, each affected employee will be paid more frequently and their total paycheck amount will be less than when they were paid on a semi-monthly or monthly basis.

Because of the pay impact that will occur for employees that are being converted to bi-weekly hourly as a result of the FLSA threshold change, we are offering employees the opportunity to elect to take a one-time option to “sell-back” up to 40 hours from their vacation bank in order to reduce the financial impact of the conversion. Employees will be allowed to “sell” up to one week (based on employees’ standard hours) of their vacation time back to the organization to be included in the last salaried paycheck in November. Employees must make an election to sell-back vacation hours between November 1, 2016 and November 15, 2016 through the employee self-service function in HRMS.

How to Prepare

- Read the full FAQ Guide which can be found at [http://www.rochester.edu/working/hr/compliance/](http://www.rochester.edu/working/hr/compliance/).
- Print a copy of the biweekly pay cycle calendar for your reference. [http://www.rochester.edu/adminfinance/finance/payroll/assets/pdf/2016PayrollCalendar.pdf](http://www.rochester.edu/adminfinance/finance/payroll/assets/pdf/2016PayrollCalendar.pdf)
- Review policy 413 on Time Management.
- Attend a timekeeping recording information session to be scheduled.
- Make changes to any automatic payments you have set up for personal bills so that you have adequate funds available in your bank account when you are switched to a biweekly pay cycle.
- Check your retirement, direct deposit, and tax withholding deductions and determine if you want to adjust them based on the new biweekly pay cycle. Since you will be paid more frequently, but less each pay period, you may opt to adjust your pay allocations.
- Talk to your supervisor or [HR Business Partner](mailto:HRBusinessPartner@rochester.edu) if you are concerned or have questions.