**2018 New York State Salary Threshold**

*Quick Reference Guide*

Effective December 31, 2017, the New York State (NYS) Salary Threshold will be changing, due to regulatory changes made by the NYS Department of Labor under the NY Labor Law. The 2018 NYS Salary Threshold requires employees who earn below $40,560 annually to be paid on an hourly basis and receive overtime pay. Below is information on this law, what is changing, what isn’t, and how to prepare.

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**Manager Notification**
- Manager notification of upcoming changes and support resources

**Employee Notification**
- Employee notification of upcoming changes and support resources

**Preparation**
- Employee and Manager prepare for timekeeping
- Employee reviews pay deductions

**Implementation**
- Effective Dec 31, 2017

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1. **Fair Labor Standards Act (FLSA) and the NYS Salary Threshold**
   - The FLSA dates back to 1938 and governs wage and salary under federal law.
   - The FLSA establishes the federal minimum wage and overtime pay requirements, including criteria for determining eligibility for overtime.
   - The FLSA 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 work week.
   - Under the FLSA, employees must earn more than an established threshold in order to be exempt from overtime requirements. New York, under state law, has set a salary threshold for overtime exemption that is higher than the federal threshold. Employers are obligated to comply with the higher threshold.
   - Employers are required to comply with the higher salary threshold set by either the federal or state regulation.
2 The 2018 NYS Salary Threshold Changes

- “Exempt” and “non-exempt” classifications are determined, in part, by way of a salary threshold.
- The 2018 NYS salary threshold changes will raise the threshold to $780/week or $40,560/year.
- Employees whose annual pay is less than $780/week or $40,560/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

- **Effective December 31, 2017**, 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 making less than $40,560/year will be impacted.
- **Pay rate will remain the same** under the new regulations. However, it will be paid hourly on the biweekly pay schedule.
- Impacted employees will need to **begin tracking work hours in HRMS**, by clocking in and out and accounting for all non-work time. Discuss the proper procedure for timekeeping within a workgroup with the supervisor.
- Employees will be **eligible for overtime pay** (1.5 times their hourly rate) for all time worked beyond 40 hours in work week.
- **Benefits will remain the same** with this regulatory change (subject to the terms of the plans).

4 How to Prepare

- Print a copy of the biweekly pay cycle calendar for your reference at [www.rochester.edu/adminfinance/finance/payroll/calendars/](http://www.rochester.edu/adminfinance/finance/payroll/calendars/)
- Review [policy 413](http://www.rochester.edu/working/hr/compliance/) on Time Management.
- Review the resources provided on the HR Compliance webpage at [http://www.rochester.edu/working/hr/compliance/](http://www.rochester.edu/working/hr/compliance/).
- 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](http://www.rochester.edu/working/hr/compliance/) if you are concerned or have questions.