
FLSA Orientation Update to Overtime Regulations

FOR UNM EMPLOYEES

FLSA Overtime Provisions – Current

- Requires most employees to be paid at least minimum wage.
- Unless specifically exempted, employees covered by the FLSA must receive overtime pay for the hours worked in excess of 40 in a workweek, at a rate not less than time and one-half their regular rate of pay.
- The FLSA allows covered, nonexempt state and local government employees to receive compensatory time off (comp time) for hours worked over 40 in a workweek.
- **Exemption Determination:**
 - Duties test for Executive, Administrative, Professional, and Computer Employees – Duties test criteria includes management authority, exercise of independent judgement, requirement of advance knowledge, etc.
 - Must make more than \$455 a week (\$23,660 annual equivalent)

What Changed?

March 13, 2014

President Obama signed a Presidential Memorandum directing the US Department of Labor (DOL) to update the regulations defining which white collar workers are protected by the FLSA's minimum wage and overtime standards.

- 4.2 million workers are affected in the USA
- The last time DOL revised its overtime regulations for white collar workers was August 23, 2004

May 18, 2016

The DOL published the revised rule, which redefines the salary threshold that determines if an employee is considered exempt (salaried) or nonexempt (hourly).

- Previous Rule: Exempt = \$455 per week (\$23,660 per year)
- Revised Rule: Exempt = \$913 per week (\$47,476 per year)

What Changed?

Department of Labor (DOL) Goal:

- Extend overtime pay protections to over 4 million workers
- To ensure workers are paid fairly / allowed compensatory time for hours worked above 40 in a defined workweek
- Modernize and simplify the regulations
- Ensure the FLSA's intended overtime protections are fully implemented
- Simplify the identification of nonexempt employees

FLSA – Revised Overtime Rule

- **Salary threshold increased to \$913/week (\$47,476 annually)**
 - Exempt employees below this threshold will become eligible for overtime (or comp time)
 - Cannot prorate part-time to get an annualized equivalent (no change from previous rule)

- **Federally mandated effective date for implementation is December 1, 2016**

FLSA – Revised Overtime Rule

- **Salary threshold will *increase* every three years**
 - Threshold set at 40th percentile in lowest – wage census region (currently in the South)
 - Next increase increment scheduled for **January 1, 2020**
 - 150-day notice period provided to employers
 - Estimated threshold for next increase is **\$51,168**

UNM Approach to Revised FLSA

- **Implementation team assembled**
 - Team includes individuals from Human Resources, HR Information Technology, Financial Services, UNM Information Technology
 - Unified strategy for compliance was determined

- **Presented to UNM leadership and approved**
 - Unified strategy for compliance was determined
 - There may be unique situations requiring additional discussions
 - Employees currently classified as nonexempt are not affected by the FLSA revisions

How UNM is Implementing

- All classifications (job title) **grade 12 and below** will become **nonexempt*** on **November 12, 2016**
 - Employees who are already nonexempt will remain nonexempt
- All classifications **grade 13 and above** who are currently exempt will remain exempt
- All employees who are **grade 13 below the threshold** (\$47,476) will be brought to the threshold on **December 1, 2016**
- New minimum salary for grades 13 and 14 set at threshold

**See next slide for exceptions*

How **UNM** is Implementing

- **Rationale**

- Ensures those performing in the same classification are treated the same from an overtime standpoint.
- Logical break in UNM grade structure where grade 13s are typically exempt.

- **Exceptions based on the new law**

- Physicians & Lawyers are exempt.
- Teachers and Coaches whose primary role is teaching are exempt.
- Academic Administrators have a different threshold.

- **HR will identify classifications that meet the exceptions**

Payroll Impact

Payroll's objective is to provide information and tools for those transitioning from a monthly to a biweekly pay schedule.

- 26 pay periods per year **VS.** 12 monthly
- Twice a year biweekly employees are paid three times in one month
 - ✓ The third check has no voluntary deductions
- Yearly total will be the same, delivered in 26 biweekly checks

Payroll Check Dates

| Pay Type | Pay Period | Time Entry Deadline | Check Date | Standard Schedule Days |
|---------------------------------|------------------|---|------------|--|
| Last Monthly (Partial) | Nov. 1 – 11 | Monthly Leave Deadline (TBD) | Nov. 30 | 9 |
| 1 st Biweekly (Full) | Nov. 12 – 25 | Monday, Nov. 28 | Dec. 2 | 10 |
| 2 nd Biweekly | Nov. 26 – Dec. 9 | Monday, Dec. 12 | Dec. 16 | 10 (Includes Thanksgiving Break days if eligible) |
| 3 rd Biweekly | Dec. 10 – 23 | Monday, Dec. 19 (Timesheets are due early projecting time & leave) | Dec. 30 | 10 (Includes Winter Break days if eligible) |

Schedule of Deductions

| Pay Type | Check Date | Elected Deductions Please Note: Taxes, ERB, FICA/Medicare and Social Security WILL always deduct on applicable earnings |
|--------------------------|-------------------|--|
| Last Monthly (Partial) | Nov. 30 | Your <u>FULL Monthly Deductions</u> will be taken out of this <u>November</u> check: 1. Parking 2. Annuities / Retirement Manager (403B & 457B) 3. United Way 4. Health benefits, Flexible Spending (FSA), Long-Term Care, Life, AD&D, disability, and VEBA |
| 1 st Biweekly | Dec. 2 | Your deductions will change from a monthly rate to a biweekly rate. The biweekly rate is the monthly rate divided in half. |
| 2 nd Biweekly | Dec. 16 | Your deductions: Same as above at a biweekly rate |
| 3 rd Biweekly | Dec. 30 | NO elected deductions will be taken on 3 rd paycheck of the month |

Payroll Impact

IMPACTS TO CONSIDER – **Employee Focus**

- **Review your *Paystub*, *Direct Deposit* & *W-4* on MyUNM / LoboWeb and *Bill Payments***
 - Change "fixed" amounts between ***Tuesday, Nov. 1, and before 5:00 pm on Friday Nov. 18***, to impact your November 30 (partial) monthly check.
 - Example: If you have a \$500 fixed amount going to a bank account, consider that this will be deposited on a different pay frequency, two to three times a month vs. once a month
- **Automatic payments from your bank account(s)**
 - Consider making adjustments to your automatic bill payments in the month of October
 - Contact financial institutions to check if automatic payments dates need to be adjusted

Payroll Impact, cont.

IMPACTS TO CONSIDER – **Employee Focus**

- **Review your W-4 on MyUNM / LoboWeb**
 - If you currently have an **additional** amount taken for Federal / State Tax withholding, consider making adjustments for the different pay frequency.

- **Retirement Manager for supplemental retirement deductions.**
 - Every employee who currently contributes to supplemental retirement (403b and/or 457b) is encouraged to log in to Retirement Manager and check their amounts and adjust accordingly.
 - This does not impact your ERB contributions. If you are currently eligible, ERB will be deducted for each pay check.

Payroll – Calculator

To calculate your new biweekly check:

- Use the Payroll Calculator
 - Visit [MyUNM](#)
 - Click on the **Staff Tab**
 - Scroll down to the **My Pay*** link
 - Click on the **Payroll Calculator**
 - Log in
 - Fill in the blanks on the Payroll Calculator

**also a useful tool for other pay information*

Managing Time & Pay – Training

- **Managing Time**

- Employees and managers need to track their time closely.
- It is critical that managers ensure 100% timely compliance to time entry, tracking, and approvals.

- **Training in Learning Central: Complete by **October 31, 2016****

- *Accurate Time Reporting* – Online course for employees and managers new to time tracking
- *LoboTime Manager/Supervisor Training* – Two-hour instructor lead course (EOD 470)
- *LoboTime Leave/Time Approver* – New online course (EOD 479)
- *Department Time Approvals* – Online course (BAN-HRP APP101)
- *Department Time Entry* – Instructor lead course (BAN-HRP TE100)

Managing Time & Pay – Overtime

- **Overtime Provisions at UNM**

- Pertains to all time worked in excess of 40 in a work week, including after-hours, weekends, lunch breaks, etc.
- Work Week @ UNM = Saturday – Friday
- Paid at a rate of time and a half
- May be paid in the form of overtime or compensatory time
 - Overtime is paid immediately on the employee's following paycheck in the form of additional pay.
 - Compensatory time is compensated as time off. If not used within 90 days, comp time is paid out in the form of additional pay on the employee's paycheck.
 - Compensatory time requires supervisory approval written in advance.
 - Refer to UAP 3310: Compensatory Time

- **Overtime requires supervisory pre-approval**

Managing Time & Pay – Leave

- **Annual leave**

- Earned per biweekly paycheck – 6.47 hours **VS.** Exempt 14 hours per paycheck
- Totals to 21 days or 168 hours per year (remains the same)

- **Sick leave**

- Earned per biweekly paycheck – 3.7 hours **VS.** Exempt 8 hours per paycheck
- Totals to 12 days or 96 hours per year (remains the same)

Next Steps – Employees

- **Have a one-on-one discussion with your supervisor regarding policies and expectations**
 - Discuss job duties, department roles, work schedules
 - Department Work Rules and use of cell phone/computer while off duty
 - Identify and plan for unique situations with your job duties in relationship to new policies
 - Department time keeping procedures
 - Use of comp time and flex time
- **Take **required** time keeping training through Learning Central**
 - **Accurate Time Reporting**: Online course for employees and managers new to time tracking
 - Complete training no later than **October 31, 2016**

Next Steps – Employees, cont.

- **Log in to MyUNM/LoboWeb**
 - Review Current Paystub
 - Review and Update Direct Deposit Fixed Amounts by **Nov. 18**
 - Review and Update W-4 Fixed Amounts by **Nov. 18**
 - Review and Update Supplemental Annuities
 - Review any **additional** amount taken for Federal / State Tax withholding
- **Change "fixed" amounts between *Tuesday, Nov. 1, and before 5:00 pm on Friday Nov. 18*, to impact your first biweekly check.**
- **Analyze Current Timing of Bill Payments from your bank accounts such as your mortgage payment**
- **Discuss timing, deadlines and how to fill out biweekly timesheets accurately with your Supervisor/Manager**

Impact on Employees and Managers

A Cultural Shift

- The change of position from Exempt to Nonexempt is necessary to comply with the new DOL regulations
 - UNM must be compliant with the DOL to avoid penalties and fines
- It provides employees affected with wage protection when working more than 40 hours a week
 - **A nationwide shift:** Allows employees to be paid for all hours they work, i.e., overtime
 - Paid biweekly vs. monthly
- Employees have same job title and duties
- No affect on employee benefits/retirement
- The value of employee work and importance of employee contributions to UNM still remain high
- The difference is **how** an employee gets paid

Impact on Employees and Managers

A Cultural Shift

- **How offices work with other offices**
 - Meetings that go beyond the standard workday
 - Lunch hour
 - Staff special luncheons
 - Office retreats
 - The use of laptops/cell phones taken home for work
- **Requirements to work on deliverables in off hours may necessitate overtime being paid**
- **Managers/supervisors are the key to champion this change**
 - Adjust expectations of team and employee – “Work Rules” for nonexempt
 - Address priorities
 - Review duties and responsibilities
 - Time management
 - Create innovative ways to meet business needs

UNM HR Resources

Administrative Policies and Procedures Manual policy.unm.edu

Policies related to FLSA changes

- [Policy 3305: Overtime](#)
- [Policy 3300: Paid Time](#)
- [Policy 3310: Compensatory Time](#)
- [Policy 3405: Holidays](#)
- [Policy 3400: Annual Leave](#)
- [Policy 3410: Sick Leave](#)

Standby Pay

- <https://hr.unm.edu/standby-pay>

Department of Labor Information

- dol.gov/whd/overtime/final2016/



UNM HR Resources

HR Website: Fair Labor Standards Act (FLSA) – Update to Overtime Regulations hr.unm.edu/flsa-update-overtime

- What this Means for Employees
- What Managers Should Know
 - Frequently Asked Questions
- Important Links
- Training
- Resources
 - UNM Policies related to the FLSA changes



Questions?

Contact your HR representative:

- hr.unm.edu/
- Under the *Department Resources* tab
- Select *Find Your Consultant*

Refer to the UNM HR FLSA web page:

- Fair Labor Standards Act (FLSA) - Update to Overtime Regulations
hr.unm.edu/flsa-update-overtime
- ✓ Includes FAQs