



1700

HUMAN RESOURCES

Employee & Supervisor FLSA Town Hall

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THE UNIVERSITY OF NEW MEXICO



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WELCOME, EVERYONE!

- Getting the most out of this session
 - Webinar functionality
 - Questions can be asked in the Q&A section of the webinar
 - Answers will be address throughout the presentation in the Q&A section
 - Focus your questions on topics of general interest
 - Specific questions unique to an individual or your department can be emailed to FLSA@unm.edu
 - We will do our best to answer questions – any unanswered questions will be addressed via email or added to our FAQ at <https://hr.unm.edu/flsa>
- A recording of the session will be available on the FLSA website



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AGENDA

- What is Fair Labor Standards Act (FLSA)
- UNM's Approach
- What it Means to be Non-Exempt
- Preparing for Change
- Payroll
- Timeline and Next Steps
- Resources

WHAT IS FLSA?

- The Fair Labor Standard Act (FLSA) is a federal law administered by the Department of Labor (DOL). It governs provisions related to exempt/non-exempt status and overtime pay, along with other areas related to employment.
- All employees are protected by the law and depending on their salary and duties are categorized as either:
 - Exempt (not eligible for overtime); or
 - Non-Exempt (eligible for overtime)

WHAT IS FLSA (CONT)?

Under FLSA federal guidelines, in determining if a job is exempt or non-exempt, the job must meet both the salary threshold **AND** the duties test for exemption status.

Salary threshold:

- The position must meet the FLSA weekly salary threshold amount to be exempt
- Salary threshold requirements apply to both full-time and part-time employees
 - The FLSA salary threshold does not distinguish between part-time or full-time employees

Duties Test:

- The job must meet the of duties test for Executive, Administrative, Professional, or Computer Employees

FLSA REGULATION CHANGES

- The Federal Department of Labor issued a rule increasing the **salary threshold** for overtime exemptions from the current threshold of \$43,888.00/annually (\$844/weekly) to \$58,656/annually (\$1,128/weekly) effective January 1, 2025.
- There are no changes to the duties test.
- UNM must implement changes to remain in compliance with the federal mandate.

The Rule is currently subject to several legal challenges, and there is a possibility of court intervention prior to the January 1st implementation.

UNM'S APPROACH

- Preparing for Compliance
 - To ensure compliance with the federal regulation, UNM is implementing the following changes:
 - **UNM will transition all Grade 11 and 12 exempt positions** to non-exempt (hourly), **regardless of their weekly salary**, on January 1, 2025.
 - All grade 11 and 12 employees who are over the new FLSA threshold will transition to non-exempt
 - **Part-time** exempt staff in **grade 13 and above** with weekly salaries below \$1,128 will transition to non-exempt status.
 - Employees who are already non-exempt will remain non-exempt.
 - Our approach balances the need for compliance with minimizing mid-year operational and financial impacts

UNM'S APPROACH (CONT.)

Why is UNM Taking this Approach?

UNM's transition plan balances compliance with federal regulations, supporting employees, and minimizing mid-year disruptions to department operations and budgets:

- Decision to Transition Exempt Grade 12 and Below to Non-Exempt:
 - The minimum salary of grade 12 is significantly lower than the new salary threshold.
 - High volume of non-exempt classifications already exist within these grades.
 - Keeping grade 12 exempt would have significant financial impact to remain exempt due to the number of employees below the threshold.
 - Moving all jobs in grade 12 and below ensures those performing similar duties in the same classification are treated consistently from an overtime standpoint.
 - Changing exemption status has a significant impact and frequent status updates would be difficult to manage.
 - Salary and pay changes are fluid and would be challenging for departments to track and administer exemption changes as individual salaries increase.

UNM'S APPROACH (CONT.)

Why is UNM Taking this Approach (Cont)?

- Decision for grade 13 and above to remain exempt:
 - The minimum salary of grade 13 closely aligns with the new threshold allowing for a natural break between grades.
 - Keeping grade 13 exempt would have much less financial impact to remain exempt due to limited number of employees below the threshold.
 - Most classifications in this grade are already exempt.

UNM'S APPROACH (CONT.)

Why is UNM Focusing on Salary Grades instead of Individual Salaries?

- Moving all jobs within a grade (in this case grade 12 and below) ensures those performing similar duties in the same classification are treated consistently from an overtime standpoint.
- Changing exemption status has a significant impact and frequent status updates would be difficult to manage.
- Salary and pay changes are fluid and occur regularly.
 - It would be increasingly disruptive to employees and challenging for departments to track and administer exemption changes as individual salaries change.

KEEP IN MIND

- At this point, UNM is preparing for the final FLSA Rule to go into effect as planned on January 1, 2025.
- The Division of Human Resources is actively monitoring the ongoing legal challenges to the final FLSA Rule.
- In the event that the final Rule is delayed or enjoined, UNM will **not** move forward with implementing the new salary threshold or proposed exemption changes.
- We will incorporate updates on the status of legal challenges on a regular basis as we learn more.

WHAT IT MEANS TO BE EXEMPT VS. NON-EXEMPT

Exempt Employees	Non-Exempt Employees
May be in work status beyond their regularly scheduled hours without accumulating overtime or comp time.	Hours an employee works beyond their regular scheduled shift may still be considered hours worked and need to be paid.
May often work over 40 hours per workweek and may be required to do work outside of standard office hours without additional compensation.	Must be paid for all hours worked. Employees cannot work “off the clock.”
Divisions, work units, and supervisors determine expectations and guidelines for these employees.	If a supervisor permits or becomes aware that an employee has worked over 40 hours in a week, the employee must be compensated for the overtime at 1.5 times their regular rate, regardless of prior approval or work location.

WHAT WILL REMAIN THE SAME

- An employee's professional role will remain the same
- Employees will have the same supervisor, job title, duties, and responsibilities
- No effect on employee benefits coverage, however there is a shift in how it is deducted from the paycheck
- The value of employee work and the importance of employee contributions does not change and remains high
- Some Flexibility May Remain
 - With the appropriate approvals, within a given work week employees may have the option to flex their time

PREPARING FOR CHANGE

- October 22nd – College/School/Division HR Agents received a detailed list of impacted employees
- October 24th – Held a special FLSA HR Forum for HR Agents and Department HR Liaisons to prepare for the changes
 - Recorded Meeting is available on the FLSA Website
- October 25th - HR Agents received a copy of the upcoming notice to impacted employees and their supervisor
- October 28th - notifications were sent directly to impacted employees and their supervisors

PREPARING FOR CHANGE

College/School/Division HR Agents and Departmental HR Liaisons are available to support and assist you through this transition:

- Keep employees and supervisors informed
- Assist in understanding what it means to be non-exempt
- Share FLSA resources and timelines
- Communicate internal procedures
 - Department time-keeping procedures and deadlines
 - Process and timing for requesting overtime/comp time

PREPARING EMPLOYEES AND SUPERVISORS

EMPLOYEE

Prepare for the change from exempt to non-exempt, and should talk to their supervisor about:

- Standard work hours and tracking time (positive time entry) in Banner or LoboTime
- The process for accumulating and using overtime or comp time if more than 40 hours are worked in a week. Any hours worked above 40 may be paid in the form of overtime or compensatory time at a rate of time and a half
- Consider changes to standard work hours and the process to request these changes
- Reporting of absences or late arrivals
- Monitoring time for breaks and lunches

Employees along with their Supervisor MUST track all work time closely.

PREPARING EMPLOYEES AND SUPERVISORS

SUPERVISOR

Supervisors are expected to follow all University policies and FLSA regulations and should:

- Ensure employees accurately record all hours worked
- Ensure employees report time worked and pay overtime or comp time when more than 40 hours a week are worked
- Comply with division/unit time and leave reporting procedures. Supervisor must ensure 100% timely compliance with time entry, tracking, and approvals
- Provide fair and consistent opportunities for overtime
- Consider cost and budget associated with overtime

Employees along with their Supervisor MUST track all work time closely.

GUIDANCE FOR SUPERVISORS

We recognize this will be a big change for business operations. Supervisors should consider the following:

- Monitor and Track Hours
- Analyze Workloads and Adjust as Necessary
- Assess Need to Hire Additional Staff or Use Temporary Workers
- Open Communication with Employees and Set Clear Overtime Procedures
- Optimize Scheduling Opportunities to Reduce Overtime Needs
- Consideration of Single Incumbent Workloads
- Cross-Train Employees within Scope of Their Job
- Reward Efficiency

GUIDANCE FOR SUPERVISORS

Additional Considerations for Monitoring Non-Exempt Time

- Meetings that go beyond the standard workday
- Interrupted lunch period
- Staff special luncheons
- Office retreats
- The use of work laptops and cell phones taken home
- Requirements to work on deliverables outside of regular hours
- Travel time (commuting, travel during workday, one-day assignments, overnight travel)
 - UAP 3300 Paid Time

RECOGNIZING IMPACT TO EMPLOYEES

We recognize this is a big shift for employees. Some of the most impactful changes in transitioning to non-exempt include:

- No longer paid on a monthly pay cycle and will now be paid on a bi-weekly pay cycle.
- Must begin tracking their hours worked and leave taken.
- Will now be eligible for overtime (or compensatory time), with prior supervisor approval, for any hours worked over 40 in a week.
- Change in monitoring work schedules including break and lunch periods
- Adjust expectations for working outside of work hours (checking emails, returning calls, etc.) which now require tracking time

RECOGNIZING IMPACT TO EMPLOYEES

What can an employee do to prepare for the transition?

- Review the FLSA website and access employee and supervisor resources
- Ensure an understanding of what it means to be non-exempt.
 - Review and become familiar with University Administrative Policies related to non-exempt employees.
- Have a one-on-one discussion with your supervisor/manager regarding department processes and expectations.
- Discuss work schedules, deadlines, time keeping procedures, and the use of comp and flex time.

BI-WEEKLY PAY CYCLE TRANSITION

- Bi-weekly employees receive paychecks every two weeks versus monthly.
 - Will receive 26 paychecks per year versus 12 paychecks
 - Paid more frequently with shorter periods in between paychecks
- Bi-weekly employees receive paychecks one week after the pay period ends.
 - Instead of being paid on the last day of the monthly pay period, bi-weekly employees are paid a week after the pay period ends.
 - The additional week provides necessary time to allow for time entry and approvals, overtime calculations, and payroll processing.

PAY CYCLE TRANSITION DATES

Pay Type	Pay Period	Check Date
Last Monthly Paycheck	December 1, 2024 – December 31, 2024	Friday, December 20, 2024
1 st Bi-weekly Paycheck	January 1, 2025 – January 10, 2025	Friday, January 17, 2025
2 nd Bi-weekly Paycheck	January 11, 2025 – January 24, 2025	Friday, January 31, 2025
3 rd Bi-weekly Paycheck	January 25, 2025 – February 7, 2025	Friday, February 14, 2025

BI-WEEKLY PAY CYCLE TRANSITION

- As shown on the previous slide, transitioning employees will receive two paychecks in January:
 - January 17th and January 31st, for days worked January 1st – January 24th
 - January 25 – 31 are included in the bi-weekly pay period that pays on February 14th.
 - These two paychecks account for fewer workdays than the exempt, monthly paycheck on January 31st would have.
- This change in timing results in employees receiving less pay in the month of January than they would be accustomed to receiving as exempt employees.

BI-WEEKLY PAY CYCLE TRANSITION

As the previous slides demonstrated

- To help ease the financial impact of moving from a monthly, real-time pay cycle, to a bi-weekly pay cycle, UNM is offering an optional bridge payment program that allows eligible employees to convert accrued leave into earnings.
 - This is an optional voluntary program
- This program will allow eligible impacted employees to convert up to a week of accrued annual or sick leave to be paid out on their January 31, 2025, paycheck.

VOLUNTARY LEAVE CONVERSION OPPORTUNITY

- To address the financial impact of the bi-weekly payroll transition, UNM is providing an opportunity for employees to opt-in to convert their accrued paid leave (annual and/or sick) into earnings.
- Employees can elect to convert up to 40 hours of their accrued annual and/or sick leave
- Any converted leave will be paid on the January 31, 2025 paycheck.
- Any converted leave will be deducted from an employee's available leave balances.
- This voluntary opportunity gives employees the choice about how much of their leave, if any, they would like to convert.

VOLUNTARY LEAVE CONVERSION OPPORTUNITY

- We encourage employees to evaluate their current leave balances as they consider this program, and to take this into account as they plan their leave in the coming months.
- **Key Dates:**
 - **December 13, 2024:** Leave reporting and Leave Conversion election forms become available.
 - **January 8, 2025:** Deadline for December Leave Reporting and Leave Conversion Program request.
 - **January 10, 2025:** Confirmation email sent to Employees and Supervisors for December leave entries.
 - **January 31, 2025:** Employees who elected to convert leave into earnings will see the converted amount deposited with their second bi-weekly paycheck for January.
- Detailed information on how to participate in this program will be sent to eligible employees and is posted on the FLSA website.

PREPARING FOR BI-WEEKLY TRANSITION

- PAYROLL

Employees should review the following:

- ***Paystub, W-4 Additional Deductions & Direct Deposit on MyUNM/LoboWeb***
 - If you currently have an **additional** amount(s) taken for Federal or State Tax withholding, consider making adjustments due to the shift in the pay frequency (bi-weekly).
 - Review your **direct deposit** and consider changes due to the shift in the pay frequency (bi-weekly).
 - If you have a fixed amount of \$500 going to a bank account, note that it will now be deposited on a bi-weekly pay schedule, meaning two or three times a month instead of once a month.
- Time Frame to Submit Changes
 - All deduction changes **MUST** be made between **Thursday, January 2, 2025, and Monday, January 13, 2025, no later than 4:00 pm** to be effective for your first bi-weekly check.

PREPARING FOR BI-WEEKLY TRANSITION

- PAYROLL

- **Automatic Payments from your bank account(s)**
 - Determine if adjustments to your automatic bill payments are needed
 - Contact financial institutions to discuss adjustments
- **Voluntary Retirement Plan**
 - If applicable, review Retirement@work for supplemental retirement deductions and adjust amounts accordingly.
 - Log in to Retirement@work to make any changes
- **Educational Retirement Board (ERB)**
 - This transition does not impact your ERB contributions.
 - If you are currently eligible, ERB will automatically be deducted for each paycheck.

MANAGING TIME & PAY– OVERTIME

Overtime Provisions at UNM

- Employees in a non-exempt status can either earn comp time or be paid overtime within a week (Saturday-Friday).
 - You must receive prior written approval by your supervisor to work more than 40 hours per week
- For example, if a non-exempt employee works
 - 40.5 hours in a week and is earning comp time, they would be paid for 40 regular hours and accumulate 0.75 hours of comp time.
 - 41 hours in a week and is earning overtime, they would be paid for 40 regular hours and paid 1.5 hours of additional pay.

MANAGING TIME & PAY– OVERTIME

- *Overtime* is paid immediately on the employee's following paycheck in the form of *additional pay*.
- *Comp 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.
 - Comp time does not automatically payout
 - Using earned comp time requires initiation from both the employee and supervisor

MANAGING TIME AND PAY– HOLIDAY

UNM Holidays Observed:

- All UNM observed holidays are counted as time worked.
- If an employee works on the holiday, the worked hours will be paid at 1.5 times the hourly rate (time and a half) and will also be given time off in lieu of the holiday

For Example:

- Winter break counts as hours worked
 - Wednesday, Jan 1, 2025, is a UNM Observed Holiday and falls within Winter Break. Eligible employees will have the holiday hours entered in their timecard and will also be given time off in lieu of the holiday

MANAGING TIME & PAY- LEAVE

ACCRUALS:

- **Annual leave**
 - Bi-weekly (non-exempt) accrues 6.47 hours and Monthly (exempt) accrues 14 hours per paycheck
 - Both total 21 days/168 hours per year
- **Sick leave**
 - Bi-weekly (non-exempt) accrues 3.7 hours and Monthly (exempt) accrues 8 hours per paycheck
 - Both total 12 days/96 hours per year
- **Overtime and Use of leave (Annual and Sick Leave)**
 - If an employee takes leave during the week and their total hours worked exceed 40, the additional hours will not qualify as overtime. Payment will be capped at 40 hours for that week

PAYROLL NEXT STEPS - EMPLOYEES

- **Log in to MyUNM/LoboWeb**
 - Review Current Paystub and Deductions
 - Analyze current timing of bill payments deducted from bank accounts such as mortgage payments
 - Review and Update Direct Deposit Fixed Amounts by **January 13, 2025**
 - Review and Update W-4 Fixed Amounts by **January 13, 2025**
 - Review and Update Supplemental Annuities
 - Review any **additional** amount taken for Federal / State Tax withholding
- Discuss timing, deadlines and how to fill out biweekly timesheets accurately with your Supervisor/Manager
- Utilize the Payroll Calculator
 - Provides general guidance and estimates for employee typical payroll amounts.

TIMELINE AND NEXT STEPS

- **Continued Updates to the FLSA Website:** Resources and FAQ's
- **November – December:** Follow-up communications to HR agents, Department HR Liaisons, impacted employees, and supervisors.
- **November 4 – December 17:** Weekly FLSA Drop-In Information Sessions will be held Tuesday's at 9:00am-10:00am (HR Consultant and Benefits).
- **Winter Break (UNM closed):** December 23, 2024- January 1, 2025
- **FLSA changes implemented effective:** January 1, 2025
- **Week of January 2, 2025:** Formal notice of changes will be emailed to impacted employees. To finalize the transition from exempt to non-exempt for impacted employees, all updates will be processed and completed in UNM's Banner system.

UNM RESOURCES – FLSA WEBPAGE

UNM FLSA Webpage: <https://hr.unm.edu/flsa>

- Implementation Timeline
- Resources for Impacted Employees
 - Overview of Changes
 - What to Expect: Transitioning to Non-Exempt Status Chart
 - Employee Checklist
- Resources for Impacted Supervisors and Departments
 - Overview of FLSA Changes and Manager Responsibilities
 - Supervisor Checklist (Coming Soon)
- Quick Links
 - FAQ's
 - Recorded Meetings and Slides
 - Weekly Drop-in Sessions
 - FLSA Communication Archive

RESOURCES

University Administrative Policies (UAP) and HR processes related to non-exempt employees

- [UAP 3200: Employee Classification](#)
- [UAP 3305: Overtime](#)
- [UAP 3300: Paid Time](#)
- [UAP 3310: Compensatory Time](#)
- [UAP 3405: Holidays](#)
- [UAP 3400: Annual Leave](#)
- [UAP 3410: Sick Leave](#)
- [UAP 3500: Wage and Salary Administration, Section 6. Standby Pay](#)
- [HR - Standby Pay](#)

Department of Labor Information

- [Final Rule: Restoring and Extending Overtime Protections](#)



QUESTIONS?

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