



## Information regarding Exemption Status Changes

for employees moving from Exempt to Non-Exempt under the [Advisement Structure Study](#)

### ***What does exemption status mean?***

Under the Fair Labor Standards Act (FLSA), employees are entitled to receive pay for all time worked. Additionally, employees are entitled to overtime pay, at a rate no less than time and a half, for time worked in excess of 40 hours in a workweek. This is the standard for all jobs unless specifically exempted from overtime provisions.

While the FLSA gives preference to non-exempt status, employers may classify positions as exempt if two criteria are met. First, the position must perform specific duties and responsibilities that qualify for exemption. This is commonly referred to as a “duty test.” Secondly, the position must be paid at a rate no less than \$455 per week or \$23,660 per year.

When a position meets these qualifications, it is referred to as “exempt” and the incumbent is paid on a salaried (monthly) basis. If a position is not exempted from FLSA overtime provisions, it is referred to as “non-exempt” and the incumbent is paid for all time worked (hourly).

### ***Why is the exemption status changing for my job?***

Under the Advisement Structure Study, 28 job classifications will be consolidated into 12 job classifications. As a result, some positions will move from exempt to non-exempt. This is not an indication that a position does not meet the qualifications for exemption status, but rather, a result of efforts to consolidate like-classifications.

### ***What is the payroll impact of moving exemption statuses?***

Employees who were formerly exempt will receive 26 biweekly paychecks per year, rather than 12 monthly paychecks. Their annual salary will remain more or less the same, dependent on actual hours worked.

Twice a year non-exempt employees receive three paychecks in one month. In such cases, the third paycheck does not include voluntary benefit deductions.

The Advisement Structure Study will be implemented on 5/11/2019 for employees moving from exempt to non-exempt status. The impact to payroll is as follows:

- 5/11/19: Employee begins clocking in and tracking all hours worked
- 5/14/19: Exception Time is inputted for leave taken between 5/1-5/10
- 5/24/19: Time Entry for hours worked between 5/11-5/24 is submitted

- 5/31/19: Employee receives a paycheck that includes:
  - Pro-rated monthly pay for time worked from 5/1-5/10 with benefit deductions
  - Full bi-weekly pay for time worked from 5/11-5/24 with no benefit deductions
- 6/10/19: Time Entry for hours worked from 5/25-6/7 is submitted
- 6/14/19: Employee receives first regular bi-weekly paycheck for time worked from 5/25-6/7 with regular benefit deductions

### ***What should I consider when moving from exempt to non-exempt status?***

It may be worthwhile to review any form of automatic withdrawal, withholding or deduction you are enrolled in to accommodate the change in your pay frequency. This may include reviewing:

- Your paystub and direct deposit on MyUNM / LoboWeb and Bill Payments to determine whether fixed withdrawals should be updated
- Automatic payments from bank account(s)
- Additional tax withholdings, as indicated on your W4 located on MyUNM / LoboWeb
- Retirement Manager for supplemental retirement deductions\*

\*This does not impact your ERB contributions. Supplemental retirement deductions may include a 403B and/or 457B.

### ***How can I anticipate what my paycheck will look like?***

Employees are encouraged to access the Payroll Calculator online to gain an estimation of their biweekly paycheck amount. The Payroll Calculator can be [accessed at this link](#) or by following these steps:

- Go to [MyUNM](#) and click on the Staff tab
- Scroll down to *My Pay* link
- Click on the *Payroll Calculator*
- Log in
- Fill in the blanks on the Payroll Calculator

### ***How will this change the way I track the time I work?***

As an exempt employee, you were not required to track all time worked. However, as a non-exempt employee you must do so. Employees are encouraged to have a one-on-one discussion with their supervisors regarding policies and expectations related to timekeeping, such as:

- Department timekeeping procedures
- Job duties, department roles and work schedules
- Use of compensatory (“comp”) time and flex time

Refer to [UAP 2610: Time and Leave Reporting](#) for more information about timekeeping.

### ***What can I expect in terms of overtime pay now that I am a non-exempt employee?***

Under the FLSA, employees must be paid time and a half for hours worked in excess of 40 in a workweek. At UNM, a workweek is defined as time worked between Saturday – Friday of each week. Alternatively, employees may elect to be compensated with compensatory (“comp”) time.

The following table outlines a comparison between overtime and comp time:

	Overtime	Comp Time
<b>Form</b>	Additional pay	Paid time off
<b>Timing</b>	Paid immediately on following paycheck	Available for 90 days. If unused within 90 days, paid out as overtime pay.
<b>Rate</b>	Time and a half	Time and a half
<b>Approval</b>	Supervisors must authorize overtime before the start of overtime work	Requires a written agreement in advance between supervisor and employee to pay comp time in lieu of overtime
<b>Policy</b>	<a href="#">UAP 3305</a>	<a href="#">UAP 3310</a>

***How will this change my annual and sick leave accruals?***

You are entitled to the same amount of annual and sick leave per year as a non-exempt employee. However, since the pay cycle differs between positions, the rate at which you accrue leave also differs, as demonstrated below:

	FLSA Status	Accrual per Paycheck	# of Paychecks	Total per year
<b>Annual leave</b>	Exempt	14.00 hours	12	168 hours
	Non-exempt	6.47 hours	26	
<b>Sick leave</b>	Exempt	8.00 hours	12	96 hours
	Non-exempt	3.70 hours	26	

***How will this change the way I conduct my work?***

Employees and supervisors are encouraged to discuss the following:

- Meetings that go beyond the standard workday
- Lunch breaks
- Holiday pay
- Staff luncheons, special celebrations and retreats
- Use of laptops, cell phones, email and/or other work taken home
- Deliverables that must be performed outside regular work hours, necessitating overtime
- Plans for unique situations you may encounter in your job role and how to navigate them with these new policies

***Who can I contact if I have questions?***

Employees are encouraged to discuss these changes with their supervisors. If you and your supervisor have questions, we encourage you to [contact your HR Consultant](#).

We also invite you to attend our Question and Answer Sessions on May 3, 2019 from 10:00am-11:30am in the John and June Perovich Center, Room 1016 and May 6, 2019 from 2:30pm-4:00pm in the John and June Perovich Center, Room 1018. Space is limited. Sign up online to attend.