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HUMAN RESOURCES

FLSA HR Forum

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Accounting Offices
P Card Department
Employee Training
Payroll
Purchasing
EOD and Client Services
Bursar Office

THE UNIVERSITY OF NEW MEXICO



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RESOURCES

AGENDA

- Fair Labor Standards Act (FLSA)
- UNM's Approach
- Preparing for Change
- What is Coming?
- Resources

FAIR LABOR STANDARDS ACT (FLSA)

Overview

- 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 categorized as either exempt (not eligible for overtime) or non-exempt (eligible for overtime) depending on their salary and duties.

What is Changing?

- The DOL released a rule increasing the FLSA salary threshold for overtime exemptions from the current threshold of \$43,888.00/annual (\$844/weekly) to \$58,656/annually (\$1,128/weekly) effective January 1, 2025.
- UNM must implement changes to remain in compliance with the federal mandate.

UNM'S APPROACH

- Maintaining Compliance
 - To maintain compliance with the federal regulation, UNM is implementing the following changings are :
 - All exempt classifications (job titles) **grade 12 and below** will become **non-exempt** effective **January 1, 2025**
 - Exempt staff in these grades will move to non-exempt (hourly) status, regardless of their weekly salary rate.
 - **Part-time** exempt staff in **grade 13's and above** with weekly salaries below \$1,128 will also move to non-exempt status.
 - Employees who are already non-exempt will remain non-exempt
 - Classifications that fall under an FLSA special exemption will remain exempt
 - Teachers, coaches, lawyers, and physicians
 - Our approach balances the need for compliance with minimizing mid-year operational and financial impacts

UNM'S APPROACH

The “Why” Behind the Changes

- Unpacking the decision to move grades 11 and 12 to non-exempt:
 - The minimum salary of grade 12 is significantly lower than the new salary threshold
 - Keeping grade 12 exempt would be cost-prohibitive due to the number of employees below the threshold
 - Significant financial impact to remain exempt and departments have not had time to budget
 - 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 it would be difficult to manage frequent changes.
 - Salary and pay changes are fluid and would be challenging for departments to track and administer exemption changes as individual salaries increase
- Decision for grade 13 and above to remain exempt
 - Determined as the logical break in UNM grade structure
 - The minimum salary of our grade 13 salary structure is more closely aligned with the new threshold, resulting in a much lower mid-year financial impact on departments.
- The Rule is currently subject to several legal challenges, and there is a real possibility of court intervention prior to the January 1st implementation.

UNM'S APPROACH

- We recognize that some Grade 11 & 12 positions are not well-suited for non-exempt status, such as those that require irregular hours, significant travel, etc.
- Under limited circumstances, some positions may be evaluated for reclassification prior to January 1 under the following consideration:
 - Single incumbent positions or positions specific to a particular unit/area (positions/titles are not widespread across many units)
 - Standalone positions/titles (e.g. not part of a job family or progression where changes would result in a cascading impact)
 - Existing incumbent salaries meet or exceed new FLSA threshold
- HR Future Planning (*assuming the new rule goes into effect January 1 as proposed*)
 - Staff Salary Structure will be reviewed for further changes to address compression concerns
 - Under limited circumstances, some positions may be evaluated, but must still meet FLSA criteria
 - Initial assessment of job family reviews and planning for comprehensive adjustments

PREPARING FOR CHANGE

HR Agent/Liaisons

- HR Level 3 Agents were provided with a detailed list of impacted employees earlier this week and should be sharing that information with departments.
- Partner with HR as a Level 3 Change Agent and be prepared to:
 - Communicate to internal stakeholders (Department heads, fiscal agents, timekeepers, etc.)
 - Provide support to impacted employees and supervisors
 - Ensure consistent messaging related to these changes
 - Requirements for transitioning employees and their supervisors to comply with the new DOL federal regulations
 - Share rationale behind the changes and UNM's need to comply with federal regulations
 - Keep employees and supervisors informed
 - Ensure an understanding of what it means to be non-exempt
 - Share FLSA resources with impacted employees and supervisors
 - Communicate internal procedures related to non-exempt employees
 - Department time-keeping procedures and deadlines
 - Process and timing for requesting overtime/comp time

PREPARING FOR CHANGE (CONT.)

With over 1,000 employees transitioning from exempt to non-exempt, it is critical for departments to:

- Ensure employees are aware of shifting from 12 pay periods to 26 pay periods per year
- Ensure employees transitioning to non-exempt are familiar with departmental procedures related to time tracking
- Plan for sufficient timekeeper resources to support the increase of non-exempt employees

PREPARING EMPLOYEES AND SUPERVISORS

EMPLOYEE	SUPERVISOR
Prepare for the change from exempt to non-exempt, and should talk to their supervisor about:	Supervisors are expected to follow all University policies and the FLSA regulations and should:
<ul style="list-style-type: none">• Standard work hours	<ul style="list-style-type: none">• Ensure employees accurately report hours worked
<ul style="list-style-type: none">• The process for accumulating and using overtime or comp time if more than 40 hours worked in a week	<ul style="list-style-type: none">• Ensure employees report time worked and pay overtime or comp time when more than 40 hours a week are worked
<ul style="list-style-type: none">• Consider changes to standard work hours and the process to request these changes	<ul style="list-style-type: none">• Comply with division/unit time and leave reporting procedures
<ul style="list-style-type: none">• Reporting of absence or late arrival	<ul style="list-style-type: none">• Provide fair and consistent opportunities for overtime
<ul style="list-style-type: none">• Time reporting and schedules of breaks and lunches	<ul style="list-style-type: none">• Consider cost and budget associated with overtime

GUIDANCE FOR SUPERVISORS

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

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

GUIDANCE FOR SUPERVISORS

Additional Considerations for Monitoring Time Worked

- Meetings that go beyond the standard workday
- Lunch hour
- Staff special luncheons
- Office retreats
- The use of laptops/cell phones taken home for work
- Travel time
- Requirements to work on deliverables outside of regular hours

RECOGNIZING IMPACT TO EMPLOYEES

We recognize this is a big shift for employees. Some of the most impactful changes include:

- Non-exempt employees are no longer paid on a monthly pay cycle and will now be paid on a bi-weekly pay cycle
- Employees transitioning to non-exempt status must begin tracking their hours worked and leave taken.
- Employees will now be eligible for overtime (or compensatory time), with prior supervisor approval, for any hours worked over 40 in a week.
- Change in flexibility to work schedules including break and lunch periods
- Breaking habits & changing expectations for working outside of work hours (checking emails, returning calls, etc.)

WHAT WILL REMAIN THE SAME

- Employees will have the same supervisor, job title, duties, and responsibilities
- No effect on employee benefits/retirement 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
- An employee's Professional Status will remain the same

WHAT IS COMING

- Benefit Deduction Impacts
- Evaluate bridging Exempt to Non-Exempt Transition
- Continued Updates to the FLSA Website
 - Resources
 - Training Materials
 - Change Management
 - FAQ's
- Continued Communication
 - Newsletters
 - Targeted communication to HR Agents, Employees, their supervisors and department timekeepers
 - HR Forums

TIMELINE AND NEXT STEPS

- **Monday, October 28:** Preliminary Notification sent to impacted employees and supervisors
- **Week of October 28:** FLSA Information Session for impacted employees/managers/departments (date TBD)
- **November – December:** Follow-up communications to Agents, employees, and supervisors. Weekly FLSA Drop-In Information Sessions (dates TBD)
- **Winter Break (UNM closed):** December 23, 2024- January 1, 2025
- **FLSA changes implemented:** January 1, 2025
- **Week of January 2, 2025:** Provide formal notice of changes to employees. Complete updates in UNM's Banner system to complete transition from exempt to non-exempt for impacted employees.

RESOURCES

Administrative Policies and Procedures Manual [University Policy \(UAP\)](#) and HR processes related to FLSA changes

- [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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