New FLSA Guidelines and...
How it impacts GSU

Wednesday, September 21, 2016

Presenters from Central HR

Miriam Jackson, Director, Classification and Compensation
Robert Elmore, Director, Payroll, Benefits, and HRIS
Ivy Horn-Gardner, Director, Employee Relations
Tineke Battle, Director, Employment
Objectives...

• What is FLSA?
• Current FLSA guidelines
• New FLSA guidelines
• Timekeeping – policies/procedures
• Where are we now
• Questions
What is FLSA?

- FLSA stands for “Fair Labor Standards Act”, it is enforced by the US Department of Labor. It is a federal law that determines eligibility for overtime pay. If an employee works more than 40 hours in a given work week, he/she should be paid one and half time their hourly rate.

- Exempt positions are excluded from overtime regulations and overtime pay. They are paid a salary rather than an hourly wage.

- Major changes to these rules and regulations were last implemented by the Department of Labor in 2004.

- There is a two part test to determine FLSA exemption: the salary test and then the duties test.
Salary Test

• The currently the minimum salary threshold is $455/week, $23,660 annually.
• An employee must past the salary test first. If an employee is paid less than the salary threshold, the employee is non-exempt.
Duties Test

• There are four categories under the duties test.
  – Executive (eg. AVP)
  – Administrative (eg. Manager)
  – Professional (Learned or Creative) (eg. Teacher, Doctor, Lawyer)
  – Computer (eg. Systems Programmer)
• Each category has a set of requirements that must be met in order to pass the exemption test for that category.
New FLSA Guidelines

On May 18, 2016, the US Department of Labor announced changes to the FLSA overtime exemption rules. The minimum salary threshold required for an employee to be considered as exempt for overtime payment has changed. The current salary threshold is $23,660 and as of December 1, 2016, the new salary threshold will be $47,476.

• THE U.S. DEPARTMENT OF LABOR has announced its final rule to expand overtime eligibility to more than 4.2 million exempt workers making less than $913 per week/$47,476 annually.
What does this change to the salary threshold mean?

• If you are in a full-time position that earns less than $47,476/yr. and the position is currently classified as exempt, here are some possible changes that could/will take place:

• If the position remains exempt
  – The salary is moved up to the new salary threshold to maintain the FLSA exemption of exempt. (Could)
  – Your pay schedule will remain monthly. (Will)
What does this change to the salary threshold mean?

• If you are in a full-time position that earns less than $47,476/yr. and the position is currently classified as exempt, here are some possible changes that could/will take place:

  • **If the position is being changed to non-exempt**
    – Your job title and/or duties changed. (Could)
    – Your pay schedule **will** change from **monthly to bi-weekly**. (Will)
    – If you **work over 40 hours a week**, you must **be paid overtime or comp-time** at the rate of **one and a half times your hourly rate**. (Will)
Why does this matter?

• USG is viewed as one employer

• Audit risk

• Monetary penalties – up to $1,100 for each violation
What’s Not Changing?

• Benefits
  -including retirement

• Job duties and responsibilities

• Annual salary for those transitioning to non-exempt

• Value and worth to the GSU organization
FLSA and Timekeeping

When does this change take affect for GSU?
   - Go-live is October 22, 2016

Who does the policy apply to?
   - All Georgia State University non-exempt employees
   - However, all exempt employees should be reporting leave time (vacation or sick leave) when taken

How is timekeeping recorded at GSU?
   - GSU’s official timekeeping system(s)
     • e-Time in ADP
Non-Exempt Employees

Pay Frequency
– From monthly to biweekly

Compensable Time – What constitutes work?
– Reading emails after normal work hours
– Travel time

When does a non-exempt employee report time?
– At the **beginning** of each work day; at their authorized start time
– At the **end** of each work day
– At lunch/break periods, clock **in and out**
Overtime, Flex Time, and Comp. Time

Overtime:
- Will need to be approved prior to OT hours worked
- Standard Approval Form will be created by HR Central
- Hours worked without approval to be paid (but progressive discipline may be used)

Flex Time:
- Can be used to manage hours into a 40-hour work week

Compensatory (Comp) Time:
- HR will create an official compensatory time policy, based on the BOR’s guidelines
- Subject to max accumulation of hours; must be used by the end of fiscal year or be paid out monetarily
- Must be used before sick/vacation leave; paid out upon transfer or termination of an employee from the institution
Supervisor’s responsibilities...

- Track employee’s time
- Any hours worked, outside of normal work schedule, must be paid.
- Sign-off on time-cards in a timely manner. *(Otherwise, employee will not be paid.)*

**Consequences for non-compliance**

“On-demand” checks may not be issued if time is reported to payroll incorrectly. Supervisors, timekeepers and org. unit staff may face disciplinary action (up to and including termination) in these situations:

- Clocking an employee in/out
- Modifying an employee’s time without their knowledge
- Modifying an employee’s time other than for correction of administrative errors, editing of failure to clock in/out or reporting leave time
Employee’s Responsibilities...

What are the timekeeping regulations and responsibilities for an employee?

– An employee should not clock in until the time that employee is authorized to work by regular schedule or authorized overtime.

– Employees should not begin to work until clocking in or continue to work after clocking out.

– Employees must obtain prior written approval before working overtime.
Where are we now...
GSU Outcome...

• 135 titles across campus are impacted – 551 employees
• 88 titles will be changed from exempt to non-exempt
• 45 titles will remain exempt
• **Sponsored Funded positions** - similarly aligned to the job titles that are currently mapped to regular GSU job titles; therefore the same FLSA guidelines apply
How were decisions made?

• Central HR worked with each individual department that was impacted to review those positions that fell below the new salary threshold.
• A recommendation was sent to GSU Leadership for review and final approval.
• Some decisions were made by the Board of Regents.
Special Provision

• For some titles across campus a different salary threshold was used.

• Under the FLSA category of Administrative Exemption there is a special provision for educational institutions titled “Academic Administrative Exemption”
  – Salary threshold is based on the lowest paid teaching position at the institution. Currently, for GSU the salary threshold is $34,990.
Titles impacted with the special provision...

• Academic Advisors I, II, III
• Graduation Counselors
• Laboratory Coordinators & Supervisors
Training

Employee Relations and ODCS will conduct training for supervisors and will be working with HRAC/HR Officers to set up times to work with the department.

Training will be a mixture of webinars and in-person training.
More Information...

• Frequently Asked Questions
  http://managers.hr.gsu.edu/classification-compensation/flsa-information/

• For more information on how to use e-Time/ADP:
  http://managers.hr.gsu.edu/payroll-hris/procedures/reporting-time/

• Handy Reference Guide
QUESTIONS???

Policy questions e-mail: employeerelations@gsu.edu
All other questions contact your HRAC representative