


ADMINISTRATIVE/PROFESSIONAL NON-EXEMPT EMPLOYEES FLSA UPDATE

November 2-3, 2016

INTRODUCTION

- THE PURPOSE OF THIS PRESENTATION IS TO GIVE YOU SOME BACKGROUND INFORMATION ON WHY THIS CHANGE IS NECESSARY
 - WHAT EXACTLY IS THE ADMINISTRATIVE/PROFESSIONAL NON-EXEMPT STATUS
 - LEARN HOW TO REPORT YOUR WORK HOURS BASED ON YOUR NEW CLASSIFICATION
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FAIR LABOR STANDARD ACT (FLSA)

The Fair Labor Standards Act is a U.S. Federal Law enacted in 1938 to prohibit employers from taking advantage of employees. Specifically:

- ✓ Prohibit child labor
- ✓ Set minimum wage
- ✓ Require equal pay (prohibit sex based wage differentials)
- ✓ Require record keeping
- ✓ **Require overtime pay**

BASED ON THE FLSA REGULATIONS, POSITIONS ARE GENERALLY **NOT** EXEMPT AND ARE ENTITLED TO OVERTIME PAYMENTS.

THE INTENTION OF THE GOVERNMENT IS TO EXPAND THE NUMBER OF EMPLOYEES THAT ARE ELIGIBLE FOR OVERTIME PAY AND PROVIDE EMPLOYEES MORE \$\$ FOR HOURS WORKED.

TO BE DETERMINED EXEMPT, MUST MEET SPECIFIC EXEMPTIONS CRITERIA INCLUDING THE **SALARY BASIS TEST**

The salary basis requirement mandates that in order to be considered exempt an employee must be paid a certain minimum salary.

On May 18, 2016, the Department of Labor announced that the minimum salary level was being increased from \$455 per week or \$23,660 annually to **\$913 per week or \$47,476 annually** effective December 1, 2016.

The regulation states says employees that are being paid less than the \$47,476 are no longer eligible to be considered exempt.

In higher education, the new regulation provided for some very narrow exceptions and identified the following exemptions:

- Teaching – primary duty is teaching
- Academic/Administrative – performing administrative functions directly related to academic instruction or training
- Professional – “learned professionals” – employees practicing law or M.D.

IMPLEMENTATION OF NEW REGULATIONS

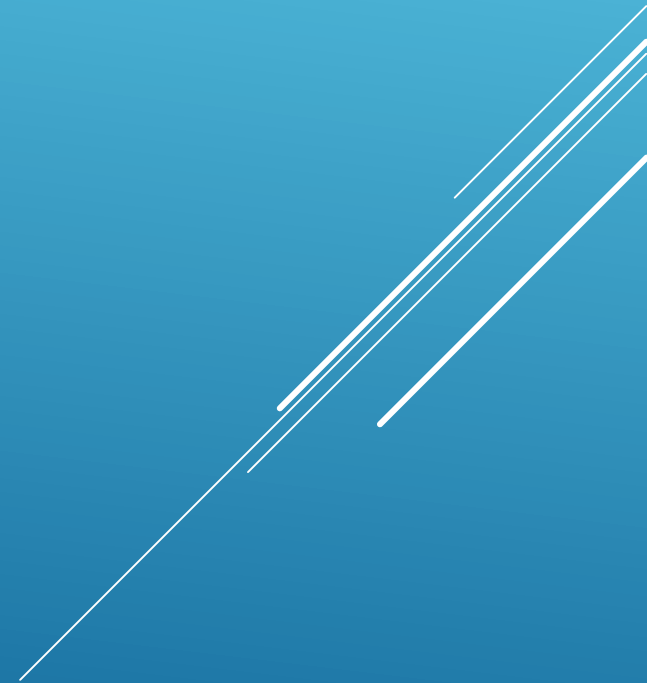
All exempt positions at MTSU were reviewed to ensure that they met the new salary exemption test (\$47,476) or one of the limited exemptions.

Identified those employees that did not meet the test and will be subject to conversion to the new category “Administrative/Professional Non-Exempt” effective November 16, 2016.

Those employees that will be converted from exempt to Administrative/Professional Non-Exempt will continue to accrue two days per month in annual leave time and maintain eligibility in the ORP program.

The new administrative/professional non-exempt positions will now become eligible for overtime pay for hours worked more than 40 hours in a work week.

These employees will be required to track their hours worked on the Web Time Entry system.



FREQUENTLY ASKED QUESTIONS REGARDING THE CHANGE FROM EXEMPT TO ADMINISTRATIVE/PROFESSIONAL NON-EXEMPT

Question: How is my time commuting back and forth to work treated?

Answer: Commuting back and forth to work is expressly excluded from hours worked.

Question: I travel from place to place during my regular work day. Are those hours considered work hours?

Answer: Time spent traveling from place to place during the course of the day are included in the hours worked.

FREQUENTLY ASKED QUESTIONS-CONTINUED

Question: What if I travel out of town for my job – how do I track my hours?

Answer: If your trip takes place in a single day, then all the time spent traveling will be included in hours worked.

Question: What if I travel overnight?

Answer: When you travel out of town overnight, only the hours spent traveling during the employee's normal working hours are included in the hours worked calculation, unless you are performing work during travel.

FREQUENTLY ASKED QUESTIONS - CONTINUED

Question: Can you give me an example?

Answer: Consider this scenario in calculating hours worked:

Assume that you normally work from 8:00 AM – 4:30 PM – Monday through Friday.

You leave on a plane at 6:00 PM to meet with potential MTSU students. While you're on the plane you work on some reports that are needed for the meeting.

Your flight arrives and you go to the hotel. While in your hotel room, you go over your notes for your meeting with the students.

You go to your meeting with the student on Saturday at 8:00 AM and leave the meeting at 1:30 PM and depart on your 3:00 PM flight home.

THIS IS HOW YOU WOULD CALCULATE THE HOURS THAT YOU WORKED DURING THIS TRIP:

- The time spent on the plane is not compensable, except for the time spent on reviewing or preparing your report.
- Any time that you spent in your hotel room preparing for the meeting or doing other work related tasks, would be compensable.
- The time spent in the meeting with the student and the trip home (until 5:00 PM) would also be counted towards hours worked.

FREQUENTLY ASKED QUESTIONS-CONTINUED

Question: I access the MTSU computer network from home to answer emails sometimes. Does that have to be counted as compensable time?

Answer: When you access the MTSU computer system remotely and/or use cellphones and smartphones to communicate with others regarding work matters, that will be considered compensable time.

Question: Sometimes my supervisor calls me at home to ask work related questions. Is this considered time worked?

Answer: If you respond to work related phone calls or emails, this is considered work time. The time spent waiting on return calls or responses to emails is also considered time worked.

Question: I don't mind answering emails or receiving work related calls at home. Do I have to count that time as hours worked?

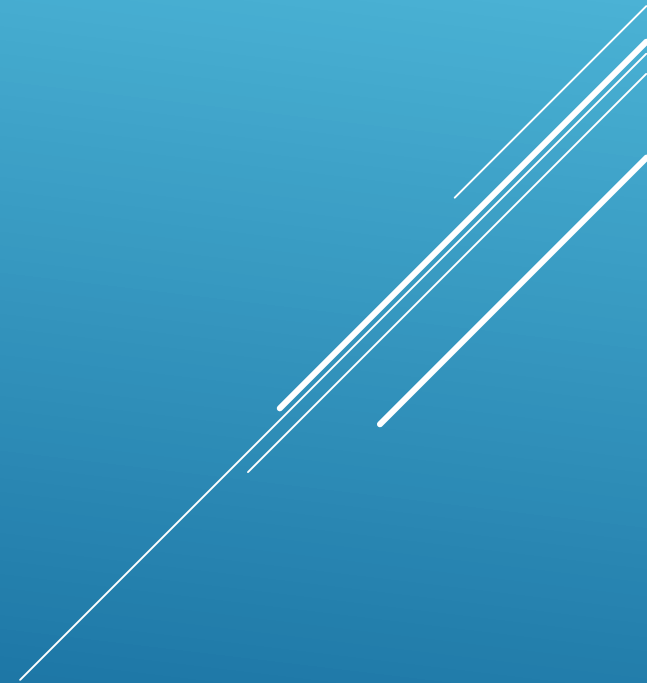
Answer: YES !! If the time is work related, you must be paid for it.

FREQUENTLY ASKED QUESTIONS-CONTINUED


Question: I frequently work through my lunch hour. Is that okay?

Answer: No, employees are entitled to one hour lunch period. If you work through your lunch, that is considered time worked.

If you persist on working through your lunch without permission from your Supervisor, you will be paid for time worked, however, you could be subject to disciplinary action for failure to follow your supervisor's instruction.



TRANSITIONS


- ✓ You and your supervisor should discuss the changes that will be required to comply with the new law.
 - ✓ Supervisors should communicate their expectations.
 - ✓ The supervisor may limit the time that you may access the MTSU computer system and/or smartphones after normal work hours.
 - ✓ You may be instructed by your supervisor to alter your work schedule.
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MOVE TO ARREARAGE PAY PERIOD

- ▶ November 30th Paycheck
 - ▶ You will be paid for November 1 through November 15 and
 - ▶ You will be paid a Two-Week Arrearage Payment
 - ▶ Amount is different for each employee – it depends on your hourly rate of pay
 - ▶ So, bottom line, your November paycheck will **NOT** change


MOVE TO ARREARAGE PAY PERIOD-CONTINUED

- ▶ Beginning November 16th
 - ▶ Log into PipelineMT throughout the pay period and record the hours you worked, and/or
 - ▶ Record the hours you took sick leave, and/or
 - ▶ Record the hours you took annual leave, and/or
 - ▶ Record the hours you worked in another department, and/or
 - ▶ Etc., etc.
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MOVE TO ARREARAGE PAY PERIOD-CONTINUED

- ▶ At the end of the day on December 15th
 - ▶ You will review your hours entered as worked and taken
 - ▶ Review again....you will ONLY be paid for the hours you enter
 - ▶ Submit your timesheet to your approver
- ▶ On December 16th at 8:00 a.m.
 - ▶ You will log into PipelineMT and see if your timesheet has been approved by your supervisor
 - ▶ If not, start bugging him/her until he/she does

MOVE TO ARREARAGE PAY PERIOD-CONTINUED

- ▶ December 30th
 - ▶ You will be paid for hours worked and taken from November 16th to December 15th
 - ▶ There is a possible 165.0 work hours for the time period November 16th through December 15th
 - ▶ So...if you work the entire month or have leave to cover the entire month you will be paid 2.5 hours more this month than in the past
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OVERTIME CALCULATION

- ▶ System automatically calculates overtime hours worked in a pay period
 - ▶ Hours worked between 37.5 hours and 40.0 hours will be paid at regular hourly rate
 - ▶ Hours worked over 40.0 hours will be paid at time and a half
 - ▶ On pay stub **ALL** hours worked will be paid at normal rate
 - ▶ Hours over 40 will show as .5 OT
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FLUCTUATING PAYCHECK

- ▶ Paychecks will fluctuate based on the number of possible hours in the month.
- ▶ Check the following website to see possible hours in the pay period: http://www.mtsu.edu/hrs/docs-web/2017_POSSIBLE_HOURS_IN_PAY_PERIODS.pdf


ANNUAL LEAVE BALANCE ROLL

- ▶ Annual Leave Balances shown at June 30th will be based on hours paid and accrued through June 15th
 - ▶ Balances over maximum will roll to Sick Leave
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LONGEVITY PAYMENTS

- ▶ Pay period is shifting from 16th of month to 15th of following month
 - ▶ Effective January 2017
 - ▶ If longevity date is from 1st through 15th no change will be made to payment
 - ▶ If longevity date is from 16th to 31st your longevity payment will be made in the following month
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WHAT IS MY HOURLY RATE

- ▶ Hourly rate is based on an average of 1950 hours in a year (162.5 per month)
 - ▶ Your payrate will NOT change
 - ▶ To calculate
 - ▶ Annual Salary
 - ▶ Divide by FTE (if full-time this is not necessary)
 - ▶ Divide by 1950 hours
 - ▶ Answer is Your Hourly Rate
 - ▶ You can view your Hourly Rate in PipelineMT by clicking on Raidernet, Employee Tab, then Job Summary
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HOW TO SESSIONS

- ▶ November 16th and November 17th
 - ▶ HR Employees will be available to assist employees in completing timesheets

