FAIR LABOR STANDARDS ACT (FLSA) 2016 UPDATE

Toolkit for Employees

LSU
Office of Human Resource Management
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ABOUT THIS TOOLKIT
This toolkit is designed to help employees affected by the FLSA new overtime rule to:

- Understand the changes to FLSA overtime rule taking effect December 1st, 2016.
- Plan and prepare for the upcoming to bi-weekly pay cycle change taking effect January 1st, 2017.

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IMPORTANT CHANGES IN OVERTIME REGULATIONS

As a result of the 2016 changes to FLSA or Fair Labor Standards Act, on December 1, 2016, a new overtime rule is set to go into effect. This new rule will require employers to pay overtime to all employees making less than or $913 per week or $47,476 annually for a full-time worker. If you make less than or $913 per week or $47,476 annually as of December 1st, 2016, will be eligible for overtime pay. In addition, on January 1st, 2017, your position will be reclassified as a Professional Non-Exempt employee.

KEY POINTS

Based on the new federal FLSA regulations, LSU is required to reclassify your position from exempt to nonexempt status which affects you in a few key ways:

1. You will move from a monthly pay cycle to a biweekly paychecks on January 1st, 2017.
2. Your annual base salary will be converted to an hourly rate by dividing your annual base salary by 2080.
3. You will now enter your time in Workday to get paid beginning on January 1st, 2017.
4. You will remain Unclassified and outside the Civil Service rules and regulations.
5. Overtime will be paid 1.5 times the regular hourly rate for time worked in excess of 40 hours in an assigned and contiguous workweek beginning December 1st, 2016. Compensatory Time can be substituted for overtime payments allowing that certain criteria is met.
6. Beginning December 1st, 2016, you will now be eligible for overtime pay and subject to your department’s internal procedures for working overtime and compensatory time. Overtime and compensatory time must be approved by the supervisor in advance of hours being worked.

HISTORY

FLSA, or the Fair Labor Standards Act, establishes minimum wage, overtime pay, recordkeeping and youth employment standards affecting employees in the private sector and in Federal, State, and local governments. On May 18, 2016, President Obama and Secretary Perez signed a Presidential Memorandum directing the Department of Labor to update the regulations defining which workers are protected by the FLSA’s minimum wage and overtime standards. On May 18th, 2016, the Department of Labor issued its Final Rule making significant changes to the salary threshold of workers eligible for overtime pay. This transition is not a result of Workday, but rather Workday allows LSU to remain compliant with federal regulations.

HOW WILL THIS AFFECT YOUR PAY?

This transition will not change what you earn, but it will change the timing of your paychecks as you move from monthly to biweekly pay cycle. Affected employees will be paid on the following payroll schedule:

<table>
<thead>
<tr>
<th>FLSA Pay Cycle Transition</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 22</td>
<td>The final full monthly paycheck received for pay period December 1- December 31</td>
</tr>
<tr>
<td>January 1</td>
<td>New FLSA designations for nonexempt effective at LSU</td>
</tr>
<tr>
<td>January 13</td>
<td>First biweekly paycheck for the period from January 1 – January 6</td>
</tr>
<tr>
<td>January 27th</td>
<td>Second biweekly paycheck for the period from January 7 through January 20</td>
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Payroll Wage Schedule
The initial transition to biweekly pay could affect your personal finances. Please review and if necessary modify any recurring fixed dollar payroll deductions, state and federal withholdings, direct deposit payroll elections, automatic bill payments or transfers to ensure a smooth transition from a monthly to a bi-weekly pay schedule.

**HOW THIS WILL EFFECT YOUR BENEFITS**

Most of your payroll deductions will be automatically converted to a biweekly schedule by the university, but only you can adjust others. Deductions for medical, dental, vision, retirement ORP plans and financial protection plans such as Life Insurance, Long Term Disability, Accident Protection, Flexible Spending Accounts, etc. will be automatically recalculated for you. All of the insurance deductions will be deducted from your two biweekly paychecks a month. For the two months during the year, the biweekly pay schedule contains three paychecks, and these deductions are not taken from the third pay check.

However, adjustments will need to be made to the amounts you have set up per pay check for any **Supplemental Retirement Plans**. Supplemental Retirement Plans are amounts you have set up to be taken from each pay check, so to avoid too much coming out of each paycheck, you will need to modify the amount per pay check.

For Example, if you contribute $400/month (or per check) to a 403b or a 457b plan, that will become $800/month for months with two biweekly pay dates if no changes are made.

**To convert your monthly contribution to biweekly contribution:**

1. Calculate how much you are contributing on an annual basis (400 x 12 months = $4800)
2. Divide the annual amount by 26, the total number of paychecks you will receive in a year ($4800/ 26= $184.62).
3. $184.62 should be taken out of each biweekly pay check to equal the $400 monthly contribution.

**To change your contribution**

1. Changes to 403 plans can be made through [www.myretirementmanager.com](http://www.myretirementmanager.com)
2. Changes to 457 plans can be made in Empower, [https://louisianadcpretire.gwrs.com](https://louisianadcpretire.gwrs.com)

**HOW WILL I SUBMIT MY OVERTIME IN DECEMBER?**

In order to give employees more time to prepare for the change and to avoid financial hardship over the Holidays, **LSU has decided to reschedule the FLSA transition to a biweekly pay cycle to January 1st, 2017**. You will be submitting any overtime hours accrued in December through a **Supplemental Timesheet**, where you will need to obtain your supervisor’s signature and submit it to your HR or Business Department contact to send to Payroll. Starting January 1st, you will be submitting your time in Workday in order to get paid.

Some guidelines to consider regarding overtime:

- Employees should have overtime approved by their supervisor in advance. However, if an employee works in excess of 40 hours, they must be paid overtime regardless of obtaining manager approval ahead of time.
- Supervisors can rearrange the employee’s work schedule in advance to avoid a situation where an employee is working overtime hours.
- Please note that Holidays and Time Off (Leave) are not considered hours worked and do not count towards the 40 hours work week.
EMPLOYEE CHECKLIST

Some of your payroll deductions will be automatically converted to a biweekly schedule by the university, but only you can adjust others. Please submit any changes by December 31st to ensure your deductions are in place for your first biweekly paycheck on January 13th 2017. More information about deductions can be found below.

1. **Federal and State Taxes**

   Federal and State Taxes are withheld from every pay. Any tax amount you request to be withheld in addition to the amount withheld based on your allowances, will also be withheld from every pay. (Example, if you withhold an extra $50 per pay that will become $100 per month for months with two biweekly pay dates). To adjust: [Withholding Elections Job Aid](#)

2. **Other Fixed Dollar Payroll Deductions**

   Any other fixed-dollar payroll deductions that come out of every paycheck (such as athletic ticket purchases, United Way, parking) will be the same amount you contribute in each biweekly pay unless you make a change. You are advised to review the amount of your contribution and take action if you wish to change the amount.

3. **Review Your Finances**

   You will be paid on a biweekly schedule, so you should make sure that any automatic transaction are still appropriate given when you will be paid.

   For your payroll elections, your pay will continue to go to your listed account(s). Are the amounts correct? (Example, if $200 per pay goes into savings that would become $400 a month under a biweekly schedule. To adjust: [Manage Payroll Elections Job Aid](#)

   If you have automatic bill payments or transfers, check that the timing still works for you.
FAQ SECTION- AFFECTED EMPLOYEES

Q: Can I opt out of this change?
A: An employee and employer cannot agree to waive any of the law’s requirements.

Q: Will I still be considered unclassified/professional?
A: Yes, employees will remain unclassified/professional and outside the Civil Service directions. You will be considered professional, non-exempt employees.

Q: What does non-exempt status mean?
A: Employees whose jobs are governed by the FLSA are either “exempt” or “nonexempt.” Nonexempt employees are entitled to overtime pay. Exempt employees are not.

Q: Will I still be paid monthly?
A: No, you will move to a bi-weekly payroll. Your last monthly paycheck will be on December 22nd, 2016 for the pay period of December 1- December 31st. This is the Payroll Wage Schedule.

Q: Will I still be paid as an annual salary?
A: No, Employees earning less than $47,476 per year must have their annual base salaries converted to an hourly rate by dividing their annual base salary by 2080.

Q: Does my hourly pay rate include stipends, allowances, or additional compensation?
A: No, the official hourly rate does not include stipends for telephones, expense reimbursements, clothing allowances, benefits, additional compensation, supplemental compensation, etc.

Q: How will I keep track of my time?
A: You will be required to enter your time in Workday. View the online job aids and videos here to learn how to enter time into Workday.

Q: Is this considered a demotion?
A: No, The transition from exempt to nonexempt is necessary to comply with Federal regulations, therefore in no way should this change be considered a demotion. This change will not adversely affect the actual or perceived value of an employee’s work or the importance of their contributions to LSU.

Q: Will switching from exempt to nonexempt impact my annual and sick leave accruals?
A: It will not impact your annual and sick leave accruals.

Q: Will switching from exempt to nonexempt impact my benefit elections and retirement plans?
A: Your benefit elections and retirement enrollments will not be affected. However, you may need to make adjustments to how much you have set up to contribute per paycheck to supplemental retirement elections.

Q: What happens if I work more than 40 hours per week?
A: Any hours worked in excess of 40 hours per week must be paid at the rate of 1.5 times your regular hourly rate.
Q: Can I work over time and tell my supervisor later?
A: No, employees should have overtime approved by their supervisor in advance.

Q: What happens if I take time off during the week?
A: Time off does not count towards the 40 hours. This includes annual leave, sick leave, jury duty, military leave, unpaid leave, etc.

Q: Do breaks count towards the 40 hours?
A: No, breaks, including lunch breaks, do not count toward the 40 hours.

Q: Does commute time count towards the 40 hours?
A: No, commute time does not count towards the 40 hours.

Q: Can I receive comp time in place of overtime?
A: Yes, but it must be documented in writing, approved by your supervisor in advance, and you must agree to it in advance.

Q: Will I receive one hour of comp time for one hour of work time?
A: No, you will receive 1.5 hours of comp time for one hour of work time.

Q: What happens to my comp time upon termination of employment?
A: Employees must be paid for all accrued comp time, regardless of the reason for termination.

Q: Can I save my comp time?
A: Comp time should be used in a reasonable amount of time following its accumulation.

Q: Where can I get more information?
A: Complete information is available on LSU’s HRM website, on the Department of Labor’s Wage and Hour Division. Please contact hr@lsu.edu with any additional questions.

RESOURCES

U.S. Department of Labor: Wage and Hour Division
Final Rule: Overtime

U.S. Department of Labor
Fact Sheet

US Department of Labor Guidance for Higher Education
Fact Sheet
Guidance for Higher Education Employers

Training on how to enter time:
www.lsu.edu/workday/employee