



Final Rule to Update the Fair Labor Standards Act (FLSA)

Manager & Supervisor Training

October 12, 2016





Agenda Topics:

- ① **Department of Labor Final Rule**
- ② Next Steps for Managers
 - Options to Consider
 - Budget Preparation
 - Changes to Processes and Procedures
 - Managing Culture
- ③ EmpCenter and Time keeping processes
- ③ Tools and Resources
- ④ Questions

Overview of the Fair Labor Standards Act (FLSA)

The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments.

Under the final rule to update the FLSA regulations, a position must satisfy three criteria to qualify as exempt from overtime:

1. The incumbent in the position must be paid on a salaried basis (the salary basis test);
2. The salary must be at least \$913/week, or \$47,476 annually (the minimum salary requirement or salary threshold);
3. The position's primary duties must be consistent with executive, professional, or administrative positions as defined by Department of Labor (DOL). (the primary duties test).

Next Steps for Managers:

Review Potentially Affected Positions and Employees

Options:

- Supervisors are **NOT** required to move any employees to the new threshold. You can leave them at their current rate of pay, and they will become FLSA non-exempt (overtime eligible) because they no longer meet the minimum salary threshold. If an employee never works above 40 hours/week, this approach will not cost the institution any additional money.
- Work that exceeds 40 hours a week, however, would need to be compensated at time-an-a-half, with either overtime pay or compensatory time (comp time). Comp time may be accrued up to 240 hours, after which OT must be paid.
- It is important for Supervisors to consider the impact on internal salary equity against similarly-situated positions, and against higher-level positions within the unit in order to mitigate salary compression.

Review Potentially Affected Positions and Employees

- Review positions that are below the new salary threshold (\$47,476) and determine which ones, if any, you might want to adjust to the new threshold, so that those positions would remain exempt. This exercise would be appropriate for positions that are already fairly close to the new threshold.
- Before deciding to increase an employee's rate of pay, Supervisors must review the [position profile](#) and salary grade of the employee, and make sure a salary increase would be both inside the assigned range, and within the appropriate quartile of the range for the employee's performance, skill, and experience. Please see the [“Managing Pay Within a Grade Tool”](#) for further guidance in making this determination.

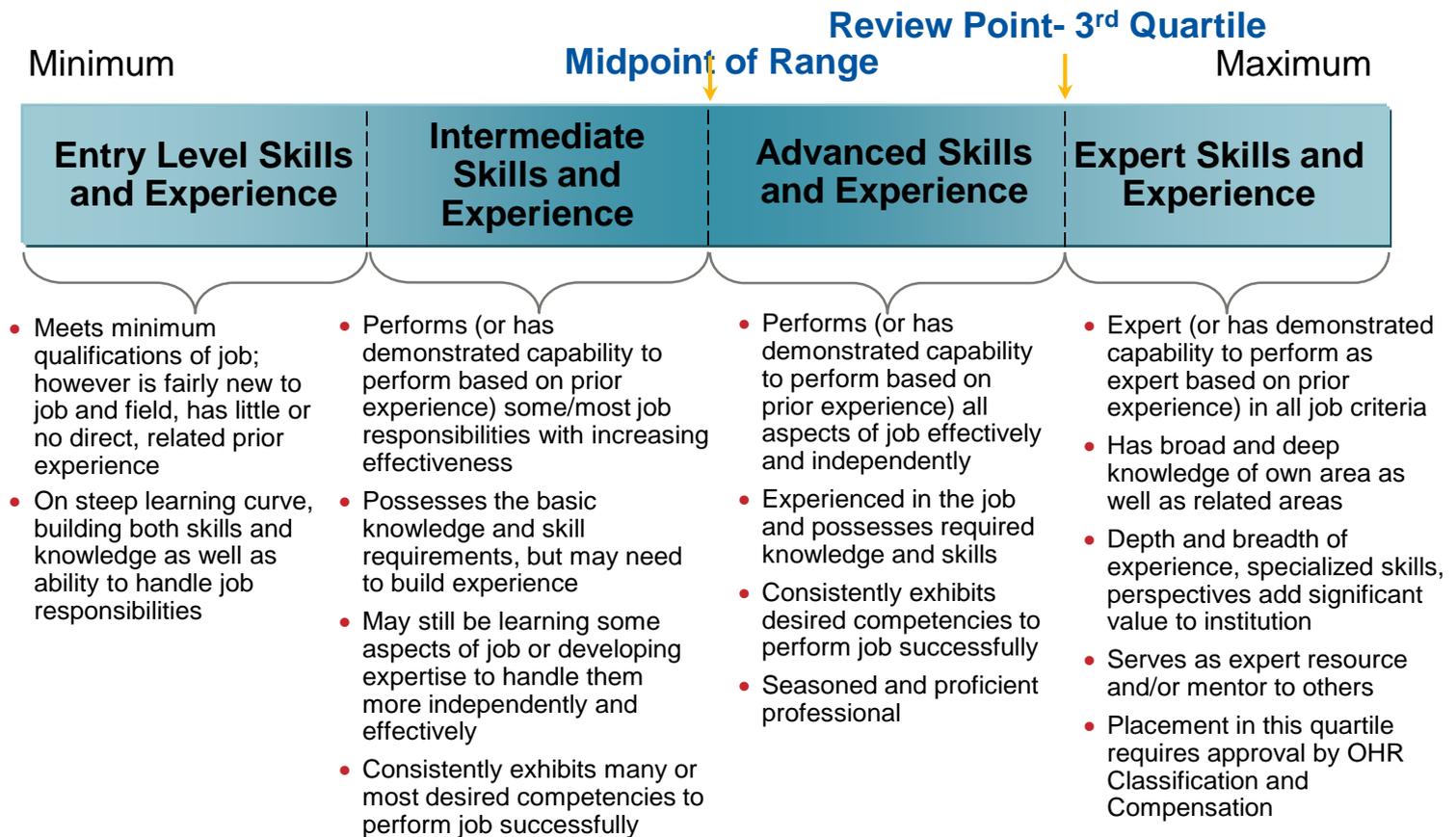
Next Steps for Managers

Use the Managing Pay Within a Grade Tool for further guidance in deciding if increasing an employee's rate of pay is appropriate for the employee's performance, skill, and experience.

MANAGING PAY WITHIN A GRADE

Paying for the Job (based on external Market)

Paying for the Individual (based on performance and skill)



Factors for progression within the salary range may be based on external market, individual performance and skill.

Next Steps for Managers:

Preparing for Budget Implications:

Steps that may assist in determining and planning budget implications.

- Track the number of hours worked, over 40, if you don't have a good idea how many hours your employees are working each week.
- Calculate the resulting overtime cost of one hour of overtime, and multiply that by the typical number of hours, over 40 hours, your employees work.
- Assess the cost and possibility of additional headcount

Next Steps for Managers

Consider what modifications to processes and procedures will be necessary.

- Will there be changes to the organizational structure and workload distribution?
- Non-exempt employees must use accrued leave or comp time to cover all absences from work.
- Meal and work breaks must be provided for non-exempt employees.
- Establish and discuss timekeeping procedures for the scheduling and planning of overtime hours, tracking travel, irregular hours, or fluctuating seasonal demands
- What impact, if any, will the funding source of the position have on the employee's work schedule?

Next Steps for Managers

Consider how to respond to effects on morale and productivity.

- The changes will affect everyone, and how you communicate this change to employees may be as impactful as the change itself.
- Overtime should be arranged and approved by the supervisor before the employee works, however we must compensate the employee even if they do work unapproved hours over 40 in a week.
- It's important to offer the same choices for OT and Comp time to all non-exempt employees in the same unit.
- Create opportunities for discussion on how to address any scheduling changes, timekeeping, and prioritization of work.

Tools and Resources

- Office of Human Resources, Classification and Compensation Team
 - Tracey Yee, Classification and Compensation Manager, 737-5426
 - Heather Riney, Classification and Compensation Officer, 737-3104
 - classification.compensation@oregonstate.edu
- Website:
 - <http://hr.oregonstate.edu/policies-procedures/administrators/classification-compensation/final-rule-update-fair-labor>
- Your Business Center Human Resource Team:
 - <http://fa.oregonstate.edu/osu-shared-services>
- US Department of Labor Fact Sheet:
 - <http://webapps.dol.gov/elaws/whd/flsa/overtime/menu.htm>
 - <https://www.dol.gov/general/topic/workhours/travelttime>
- Oregon BOLI Travel Time Q & A:
 - https://www.oregon.gov/boli/TA/pages/t_faq_tatrav.aspx

Tools and Resources Cont.

- OSU Leave Administration Policies, Procedures and Guidelines:
 - http://hr.oregonstate.edu/sites/hr.oregonstate.edu/files/documents/general/leave_admin_pol.pdf

- Specific Guidance for Higher Education:
 - <https://www.dol.gov/sites/default/files/overtime-highereducation.pdf>
 - <https://www.dol.gov/whd/overtime/final2016/highered-guidance.pdf>

- OSU EmpCenter Training and Resources:
 - <http://mytime.oregonstate.edu/empcenter-training/unclassified-non-exempt>
 - Holiday Guide: <http://mytime.oregonstate.edu/sites/default/files/empcenter-holidays-2015.pdf>
 - Enter Time FAQ: <http://mytime.oregonstate.edu/enter-time-unclassified-nonexempt>
 - Request Comp Time FAQ: <http://mytime.oregonstate.edu/comp-time-une>

Question and Answer

