



Fair Labor Standards Act (FLSA) Frequently Asked Questions

Note: This document is intended to help employees understand the changes to the FLSA and is for informational purposes only.

What is the FLSA?

The FLSA is a federal law that establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments. This law ensures employees receive their entitled wages and protections.

What are the changes to FLSA?

The major change is that the Department of Labor increased the minimum salary threshold required for an employee to be considered exempt from overtime from \$23,660 annually to \$47,476 annually (\$913 per week). This change goes into effect on December 1, 2016.

What does it mean to be exempt or non-exempt?

Under FLSA, employees in exempt positions are excluded from overtime payment; people in these positions do not receive compensation for hours worked over forty in a workweek. Employees in non-exempt positions are paid overtime for hours worked over forty per workweek.

How are positions determined to be exempt from overtime?

In order for a position to be classified as exempt, three tests must be met:

- 1) As of 12/1/16, the minimum annual salary must be \$47,476 or (\$913/week)
- 2) Employees must be paid on a salary basis
- 3) The person in the position must perform exempt job duties

Who is affected by the changes to FLSA?

The change to FLSA means that employees currently in an exempt position who make less than \$47,476 annually (or less than \$913 per week) may no longer be classified as exempt.

However, some people in positions who work 9, 10 or 11 months will remain exempt because they earn at least \$913/week for the months in which they work. Some employees may receive a schedule adjustment to meet the \$913 per week requirement.

The FLSA does not allow employers to calculate out what a full-time equivalent might be. For example, if a person earns \$25,000 working at 50% time (.50 full-time equivalent), this employee will be eligible for overtime because the pay is below \$47,476, even though the annual full-time salary equivalent is \$50,000. Therefore, part-time jobs that do not meet the salary threshold will need to be classified as non-exempt.

People in positions that are currently non-exempt will not be impacted by these changes.

There are special provisions for higher education included in the guidelines. As defined in the regulations, faculty, some coaches and others in positions whose primary duty is teaching will not be affected by these changes.

How will I know if my position is affected?

By October 31, your supervisor will let you know whether your position is being impacted.

How can I learn more?

Human Resources will be hosting meetings to update employees about the new regulations and provide guidance on record-keeping requirements, how to determine compensable time, and Augsburg's pre-approval requirement for working overtime. These sessions will be held in the Marshall Room on:

November 3rd from 10 – 11 am

November 14th from 9-10 am

November 15th from 1-2 pm

All are welcome to attend these sessions.

How will this affect my benefit plans and leave accruals?

If your position is changed to non-exempt status:

- your benefits plans will not be affected by this change as long as you remain at a .75 FTE or higher; if you have questions about your FTE, please see your supervisor;
- your vacation accrual will not change as long as there is no change in your FTE;
- as long as you work the same number of hours equivalent to your current FTE, there will be no difference in your 403(b) contributions.

If your position remains exempt but you are working fewer months resulting in a reduced FTE, your vacation, sick, personal, community service, holidays, and floating holidays will be accrued according to your new full-time equivalent (FTE).

If I am in an impacted position, how will my job change?

In many cases, the only changes you may notice will be related to recordkeeping and the requirement to stay within your established work schedule. If you have been in an exempt position and regularly worked more than 40 hours per week, your supervisor may work with you to implement a new schedule or transfer duties to minimize the necessary overtime you work in order to manage expenses. In addition, you will now be paid overtime for hours worked over 40 per workweek.

When will I have to start entering time if I am moved to a non-exempt position?

You will need to enter your actual work hours, including start and end times, beginning Sunday November 20th. This is the payroll period that includes the December 1st effective date of the change.

As a nonexempt employee, can I volunteer to work extra hours without pay?

No, non-exempt employees must account for all hours worked and be paid overtime for all hours worked over 40 per week.

What will happen to my pay?

If you are in a 1.0 full-time equivalent (FTE) position and are moving from exempt to nonexempt status, your hourly rate will be determined by dividing your salary by 2080. (One full-time equivalent is equal to 2080 hours per year.) For example, if your current salary is \$40,000, your hourly rate will be \$19.23/hour.

Can employees opt out of this change?

No. This change is a requirement needed to comply with the Department of Labor regulations which provide employees with wage and hour protection. Positions are being re-classified as nonexempt in order to comply with the FLSA.