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# FREQUENTLY ASKED QUESTIONS

## The New 2016 FLSA Regulations

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### What's the FLSA?

The Fair Labor Standards Act (FLSA) is administered and enforced by the Wage and Hour Division (WHD) of the U.S. Department of Labor (DOL). It establishes minimum wage, overtime pay, and recordkeeping standards for private sector employees and determines who is covered by these provisions and who is exempt based on standard duties tests and a minimum salary requirement. For non-exempt employees covered by the FLSA, all hours worked over 40 hours in a given week must be paid at 1.5 times the employee's regular hourly pay rate.

### What's changing?

The DOL released a new rule in June, 2016, updating the minimum salary level needed for Executive, Administrative & Professional workers to be considered exempt from the FLSA overtime provision. It sets the new minimum salary level at \$913 per week, or \$47,476 annually for full-year workers, based on the 40<sup>th</sup> percentile of weekly earnings of full-time salaried workers in the lowest wage Census Region. It also establishes a mechanism for automatically updating the minimum salary level every three years.

### When will these changes take effect?

Organizations must comply with the new regulations as of **December 1<sup>st</sup>, 2016**.

### Who will be affected and how?

- The salaries of all **full-time** exempt employees whose current annual (non-FTE) salary falls below \$47,476, or \$913 per week if scheduled to work fewer than 52 weeks per year, will be increased to the new FLSA minimum salary level.
- **Part-time** exempt employees whose current annual (non-FTE) salary falls below \$47,476, or \$913 per week if scheduled to work fewer than 52 weeks per year, will be reclassified to non-exempt, regardless of the number of days or hours worked per week.
- The new rule does not affect undergraduate nor graduate student employees.
- [Read more.](#)

### Will there be any payroll and/or benefits changes?

- For affected **part-time** employees, the change to non-exempt status will result in a switch from the monthly payroll cycle to the weekly payroll cycle. This will require weekly tracking and submission of all hours worked to the Kronos timekeeping system. [Read more.](#)
- Additionally, the change to non-exempt status for **part-time benefits-eligible** employees will result in slight changes in benefits, notably vacation accrual, personal days, and long-term disability. [Read more.](#)

### Can employees receive compensatory time instead of receiving overtime pay?

For a non-exempt employee, wages due must be paid in cash. Therefore, an employer cannot award compensatory time off ("comp time") in lieu of overtime pay, even if a non-exempt employee requests it.

### How does this affect job duties?

It doesn't. The DOL is not making any changes to the standard duties test portion of the FLSA. Thus, it is important to note that a change from exempt to non-exempt FLSA status is based on the new minimum FLSA salary level and not on the employee's job duties and responsibilities.

### Who should I contact with questions?

We encourage employees to read through the links provided in this FAQ. Should you have additional questions, please reach out to one of the following contacts:

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