

Impact of New FLSA Overtime Rule on BC Employees

The Department of Labor (DOL) released the final rule on the Fair Labor Standards Act (FLSA) this past June, updating the salary threshold for exempt employees, effective December 1, 2016. The salary threshold is one factor in determining who is exempt from the FLSA overtime pay provision and who is eligible for overtime pay. For eligible (non-exempt) employees, all hours worked over 40 hours in a given week must be paid at 1.5 times the employee's regular hourly pay rate. A work week is defined as Sunday to Saturday, based on the BC weekly payroll cycle.

The new rule raises the salary threshold for exempt employees to \$47,476, or \$913 for any week in which the employee performs work, *regardless of the number of days or hours worked*. The new rule does not affect undergraduate nor graduate student employees.

Human Resources has conducted a review of the salaries of all (University, gift, and grant funded) exempt employees to assess the impact of the new FLSA rule and determine a course of action that will result in compliance. The following actions will be taken in response to the new regulation:

- 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 salary threshold, effective December 1, 2016.
- **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 changed to non-exempt, effective December 1, 2016. It is important to note that the change in FLSA status is based exclusively on the new FLSA *salary threshold* for exempt employees and not on the employee's job duties and responsibilities.

The change to non-exempt status will result in a change in pay frequency for all affected part-time employees. They will be paid on a weekly vs. monthly payroll cycle, which will require the weekly submission of hours to the Kronos timekeeping system. Additionally, the change to non-exempt status for **part-time benefits-eligible** employees will result in slight changes in benefits. A document describing the benefits differences for part-time exempt and part-time non-exempt employees is attached to this email and will be provided to affected employees in future communications.

The Vice Provost for Research and Vice President for Human Resources offices will communicate directly with impacted employees and will include applicable P.I.s, supervisors, administrators, and departmental leadership in such communications. Part-time employees whose status will change from exempt to non-exempt will be invited to information sessions regarding benefits and payroll frequency changes. Full-time employees whose salaries will be increased to the new FLSA salary threshold will receive a written communication in late November.

Please feel free to contact Halley McLain or Bill Nunez (for grant employees) if you have any questions.

Thanks

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