FLSA Overtime Rule
HR Connections Update
November 14, 2016

David Perryman, Lori Preiss, and Becky Williams
Rule Change Re-cap

Currently, to be FLSA “exempt” an employee must:

1. Be paid a salary of $455/week ($23,660/year) = “salary test”
2. Have duties that fall under a “white collar” exemption (executive, administrative, learned professional) = “duties test”

- Effective December 1, 2016, the US DOL has increased the minimum salary threshold for exemption to $913/week or $47,476/year for most exemptions (such as most “white collar exemptions”)
- One of the most common exceptions for universities is for employees who have teaching/instruction as a primary responsibility
NC State Project Overview

Current NC State Project Team:
- Human Resources: David Perryman, Lori Preiss, & Becky Williams
- General Counsel: Sarah Lannom & Eileen Goldgeier
- The Graduate School: Michael Walker & Siarra Dickey
- Internal Audit: Cecile M. Hinson

Preparation & Analysis
- 2015 – 12/1/2016

Implementation
- 9/1/2016 – 12/31/2016

Audit, Measure, & Assess
- 12/1/2016 – 12/31/2017
Where are we now? – Implementation

- **Finalize Impact Analysis**
  - Frequent/updated reports

- **Communication**
  - Impacted SHRA and EHRA employees and Post Docs were notified by letter in late October. Supervisors were also notified by letter at this time.
  - Updates to campus groups (Staff Senate, Faculty Senate, Research Council, Business Leads, etc.)

- **Training**
  - Local/onsite information sessions
  - Web-based demonstration/training

- **Systems/Processes**
  - Changes to systems
  - Process changes/updates

- **Tools/Resources**
  - Website: Information, Communications, FAQs, Q&A
The FLSA changes will take effect

December 1, 2016

For timekeeping purposes,

– newly non-exempt Post Docs will begin keeping timesheets effective the pay period beginning October 29, 2016.

– newly non-exempt SHRA and EHRA employees will begin keeping timesheets effective the pay period beginning November 26, 2016.
Impacted Employees/Post Docs: Things That Will Change

• Timekeeping
  • Complete standardized monthly timesheet (HR Website)
  • Supervisor must approve timesheet
  • Track ALL hours worked on University electronic timesheet
  • Required to obtain supervisor approval PRIOR to working additional hours
  • Timesheets should be submitted for review and approval on the last day time is reported for the month
Impacted Employees/Post Docs: Things That Will Change

• Compensatory Time/Overtime Eligibility
  • Compensatory (comp) time is time off in lieu of pay
  • Earned at x1.5 for each hour worked
  • Must be used PRIOR to use of annual or bonus leave

• Overtime Eligibility
  • Time physically worked in excess of 40 hours in a standard work week
  • Paid at x1.5 the regular rate
Temporary Employees: Things That Will Change

- Any Temps moving from Exempt to Non-Exempt status **will be required** to use the KABA timekeeping system (log in, log out) to report work time effective November 26, 2016

Temporary employees are not eligible for compensatory time but must be paid overtime for over worked in excess of 40.
Impacted Employees/Post Docs:
Things That Will Not Change

Value
• Employees will still be highly valued regardless of FLSA status

Position Attributes
• Position title
• Job responsibilities
• SHRA/EHRA status
• Full-Time or Part-Time status

Benefits Eligibility
• Eligibility for University and NC Flex or Post Doc Benefits
• Leave accruals (e.g. vacation and sick)
Potential Strategies to Minimize Impact

- Establish clear work guidelines
- Use alternate flex schedules and shifts
- Proactively manage leave by assessing operations
- Change business processes/operations
- Improve efficiency to minimize overtime wages
- Hire additional part-time workers to avoid or reduce comp time earnings and overtime wages
- Initiate job analysis of position

There is no one-size-fits-all strategy
Things to Watch Out For

- **Work Time** – Record all hours worked
  - “Suffer or permit”
  - Watch out for “volunteering” – employee-driven requests
  - Watch out for abuse – supervisor-driven demands
  - Watch out for working outside of work hours (email, etc.)
  - Except De Minimus Time

- **Travel**
  - Some travel time is work time
  - Review cases with HR
Important!!

Non-compliance puts the university at risk for potential administrative complaints or audits by the Department of Labor, lawsuits, back pay awards, and loss of grant opportunities. Any FLSA violations should be reported to the Office of Internal Audit or HR.
What’s Next?

1. Attend Campus Sessions (in progress)

2. Complete Web-based Demonstration / Training (will be posted this week)
   
   **Permanent Employees/Post Docs**
   - Complete mandatory supplemental online training by December 16, 2016

   **Impacted Temporary Employees**
   - Complete KABA timekeeping training by November 26, 2016

**Supervisors**
- Complete mandatory supplemental online training by December 16, 2016
Key Points To Remember

• NC State has no additional funding to implement the FLSA overtime rule
• Overtime must be avoided or reduced
• Must use new standardized timesheet (on the HR website)

• Maintain accurate record of daily hours worked for each employee
• Supervisors must closely manage employee work schedules to avoid or reduce overtime
Change
Just Ahead
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QUESTIONS