

FLSA Overtime Rule

May 18, 2016

On May 18, 2016, President Obama and Secretary of Labor Perez announced the publication of the Department of Labor's final rule updating the overtime regulations

To be considered exempt from, or ineligible for, overtime benefits, employees must pass the following test:

- Receive ***compensation on a fixed, salary basis***
- Paid a **salary above the salary level threshold** (previous: \$23,660 annually; new: \$47,476 annually)
- **Satisfy the exempt duties test** under the "EAP" (executive, administrative and professional) requirements

- Raises the salary threshold from \$23,660 to \$47,476 a year, or from \$455 to \$913 a week
- Updates the salary threshold every three years
 - Ensure the threshold is maintained at the 40th percentile of full-time salaried workers in the lowest income region of the country
- Raises the “highly compensated employee” threshold – from \$100,000 to \$134,004
- No changes to the “duties test” - Executive, Administrative or Professional

Work has begun to:

- Identify employees/positions potentially effected
- Examine the Higher Education/Non-Profit Exemptions/Impact
- Review job descriptions and tasks of impacted positions
- Consider the implications of the proposed rule on vacation accruals, morale, pay frequency, work-place flexibility, pay ranges, etc.
- Develop implementation/impact plans on payroll and PeopleSoft®
- Develop a campus-wide communication plan for those directly and indirectly impacted

- Information will be updated on the Human Resources website 'Items of Interest' page as details become available
<http://louisville.edu/hr/itemsofinterest>
- An FLSA workgroup and advisory group is being convened to develop and assess detailed impact plans
- A series of information/feedback sessions are planned for June - August to gather input/ideas on implementation

May 18, 2016: Final Rule Issued

- **June - July 2016**
 - Workgroup/Advisory Group Sessions
 - Assessment/Options presented to Leadership
- **July 31, 2016: Implementation Recommendation**
- **August - November 2016:**
 - Training/Communication
 - Implementation

December 1, 2016: New Rule Effective

***Note:** Status reports will be published on HR website. On-going communication/input from Faculty & Staff Senate Executive Committees