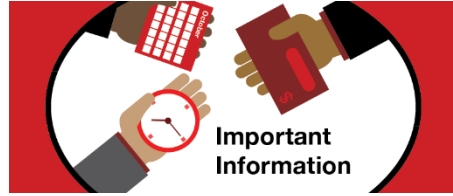




Training for Supervisors of New Non-Exempt Employees

PRESENTED BY:

University of Louisville Human Resources



What we will cover

- FLSA overview and how exemption status is determined
- Overtime Management
- Overtime Pay
- Flexible Scheduling
- Lunch Breaks
- Travel
- On Call
- Holiday Pay
- Personal Days
- Helping Employees Understand Paycheck Impact

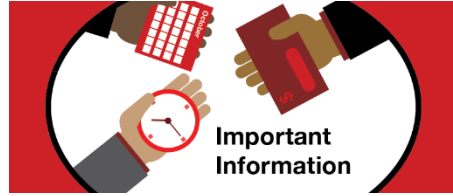


What is FLSA?

The Fair Labor Standards Act (FLSA) determines whether a position is eligible for overtime pay

- **Exempt** - Not eligible for overtime pay
- **Non Exempt** - Overtime pay at time-and-a-half for hours worked over 40 hours per workweek

On May 18, 2016 the U.S. Department of Labor issued a final overtime rule that changes the **exempt employee minimum salary to \$47,476**, effective December 1, 2016. There were no changes to the duties test.



Determining Exempt Status

Position must pass **all** three tests

1. **Salary Basis Test:** Be paid on a fixed salary basis, not hourly;
2. **Duties Test:** Must pass tests under executive, administrative or professional requirements and;
3. **Salary Test:** Must be above the minimum **current** threshold of \$23,660

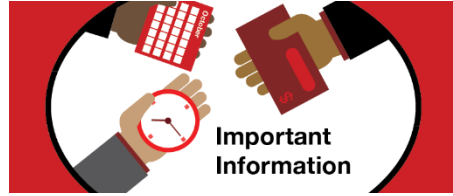
If any of these test are not met, then the position is non-exempt and eligible of overtime pay.



Duties Test Exemption

Executive	Administrative	Professional
<p>Primary Duties: Managing the enterprise or department or subdivision of the enterprise and manage at least 2 FT employees</p>	<p>Primary Duties: Includes independent discretion and judgement in matters of significance</p>	<p>Primary Duties: Perform work that requires advanced knowledge in science, learned or creative professional</p>





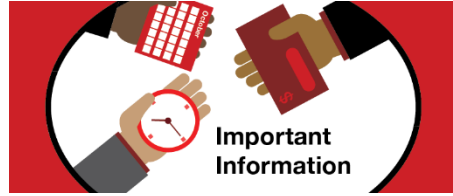
Overtime Management

It is at the discretion of the department to approve overtime hours for non-exempt employees. Supervisors will need to;

- Consider the department budget if overtime hours are possible or if flexible scheduling is needed (*more about flexible scheduling later in this presentation*)
- Set a pre-approval process for employees



- All overtime worked must be paid, whether it was approved or not.**
- Any **sick or vacation days** taken during the workweek do **NOT** count towards hours considered for overtime – only hours worked.



Overtime Pay Breakdown

STRAIGHT OVERTIME PAY

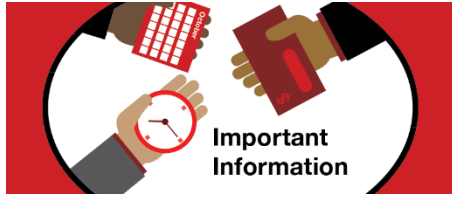
Any hours worked **up to 40** are paid at the regular rate of pay.

TIME-AND-A-HALF

Any hours worked **over 40** hours in a workweek are paid at time-and-a-half of the employees regular rate of pay.



For an employee with a **standard hour of 37.5**, any time worked between 37.5 and 40 is still considered **overtime** and should be pre-approved, even though it is paid at the regular rate of pay.



Adjusting Work Schedules

If an employee is needed to work outside of their normal working schedule, and you do *not* have it in your budget to approve overtime pay, supervisors can:

- ❑ Adjust the employee's schedule for that **same workweek** (Friday through Thursday) with flex scheduling.

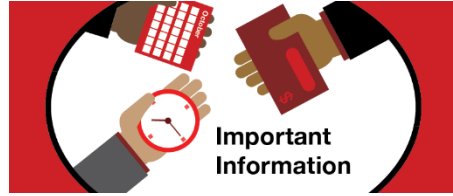
Example of Flex Scheduling:

Fri	Sa	Su	Mon	Tue	Wed	Thu
Work 7.5 hours			Work 7.5 hours	Work 7.5 hours, plus 4 hr. event Total =11.5 hours	Work 3.5 hours	Work 7.5 hours



<p>37.5 hours in a workweek</p>





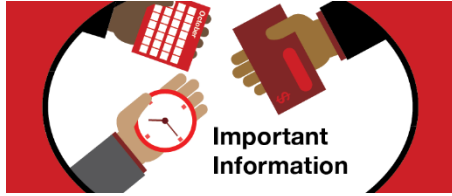
Adjusting Work Schedules



When using flex scheduling, adjustments can only be made **during the same workweek**. At UofL, the workweek is Friday through Thursday.



Give at least two weeks notice, if possible, of a schedule change.

Comp time (time off offered to an employee to be taken *outside of the current workweek*) is not allowed.



Use of phone or computer after hours

Any use of a mobile phone or computer outside of normal work hours are **considered “hours worked” and potential overtime.**

Using devices after normal working hours for non-exempt employees	
 Answer phone calls, read email or listen to voicemail	NO , unless approved by the supervisor and paid for time worked.
 Read/respond to email, or any additional work on computer	NO , unless approved by the supervisor and paid for time worked.



Lunch and Break times

LUNCH

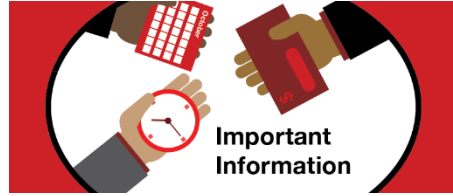
Eligible for at least 30 minutes of uninterrupted lunch break

- **Must be reported on timesheet**
- If interrupted, the employee must be paid for the entire lunch period.
 - **Example:** An employee is permitted to take a 45 minute meal period, however, they must remain in the office to answer an occasional phone call. This employee must be compensated for the full meal period.
- By mutual agreement between the supervisor and employee, meal periods may be occasionally shortened or skipped.

BREAKS

Eligible for two 15 minute breaks.

- Cannot be combined or used to shorten workweek
- **Must not be reported on timesheet**



Non-Exempt Employees and Travel

Time as part of the principle activity is work time and must be counted as hours work.

- Commuting
- Travel during the work day
- One-day assignment in another city
- Overnight travel

Review travel guidelines on louisville.edu/hr/flsa under Supervisor Resources.

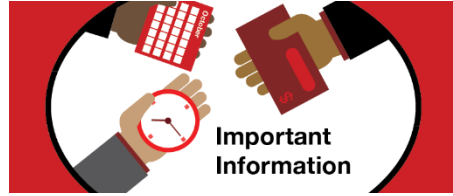


Standby / On-Call

- Receive **one** hour of pay for every **eight** hours on standby/on-call.
 - The hours paid for stand-by/on call are not actual hours worked, and do not count towards overtime.

- If called in, the employee shall be **paid a minimum of four hours pay** or the actual hours worked, whichever is greater, in addition to the standby pay.

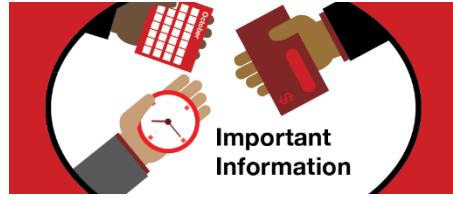
Additional information can be found on policy PER-3.08



Call In / Call Back

- If called in to work when not previously scheduled, an employee will be given a minimum of four hours' work **or** a minimum of four hours' pay.
- If an employee is called in before a shift and then continues into the normal shift, it is not considered either call-in or call-back and will be paid only for all hours worked.
 - Remember - the hours can count towards overtime though, since they are worked.
- If less than one hour is between work called in for and the normal starting time, the time is also considered time worked.

Additional information can be found on policy PER-3.07



Holiday Pay

HOLIDAY PAY FOR SEVEN DESIGNATED HOLIDAYS

If required to work on one of the following seven holidays, non-exempt employees will receive:

straight time pay + one-and-a-half the regular rate of pay

- New Year's Day
- Martin Luther King Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

PAY FOR OTHER HOLIDAYS

If required to work other holidays, non-exempt employees will be paid:

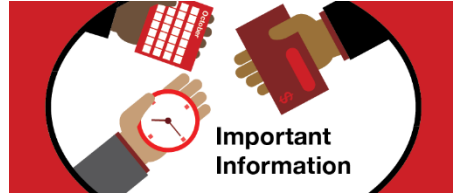
Straight-time rate for the hours worked + additional pay at a **straight-time** rate not to exceed the normal workday

OTHER OFFICIAL UNIVERSITY CLOSINGS

If called in or asked to work at home on other official university closings (i.e. snow days), employees would receive the same as above for other holidays.

Working on a holiday or official university closing day MUST BE PRE-APPROVED by the supervisor.

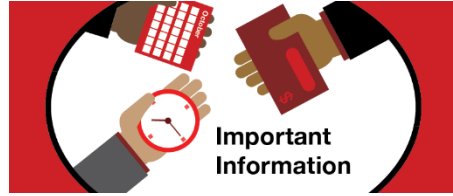




Team Management – Best Practices

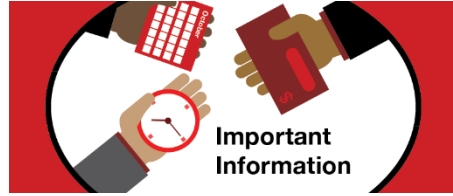
- Communication with employees is key
- Setting expectations
- Setting pre-approval guidelines for overtime
- Providing at least two week notice, if possible, for any schedule changes
- Be fair and consistent

The Employee Relations team is available as a resource for advice and counsel.



“Grand-fathered” Leave Accrual Rates

- Employees transitioning to non-exempt will keep their current leave accrual rates, as long as they remain in the current job title.
- Impacted employees are only “grand-fathered” for their current job title.
- If the employee leaves that job title for any reason, they will no longer have the “grand-fathered” status, and will receive leave accrual rates based on their new job title’s exemption. They will maintain their years of service in regards to leave accrual rates.



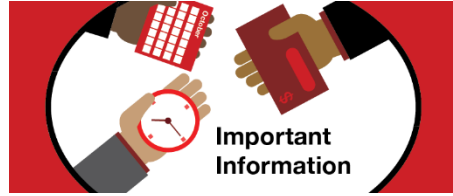
Personal Days

What are Personal Days:

- Two days per calendar year - time off to conduct personal business which cannot be transacted outside normal working hours, such as real estate closings, religious observances, family responsibilities, etc.
- Personal leave may be authorized by the supervisor at times convenient to the department.
- Personal days are **use them or lose them**, they do not roll over each year.

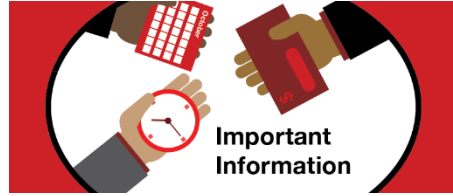
For 2016

- Employees can take ONE personal day between November 1 and December 31.
- This will be used a SLV (supervisor approved leave), for 2016 only.



Submitting Chargeable Absences taken in November

- Submit any time taken in November (including the personal day, if taken) like normal on the chargeable absence form
- No entry into PeopleSoft
- Submit the chargeable absence form directly to payroll



New Timesheet

- A new timesheet will be launched by December for **all hourly staff at UofL**
- Web-based timesheet to capture, calculate and report your time
- Training sessions will be scheduled in November**



Helping Employees Understand Paycheck Impact

- ❑ Bi-weekly employees are paid 26 times a year vs. 12 times as monthly.
- ❑ It is not simply $\frac{1}{2}$ of the previous month pay

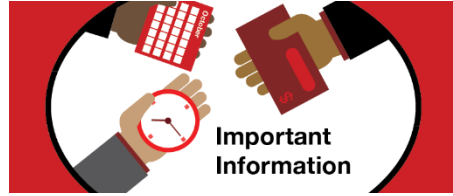
Paid in Arrears

Receive pay bi-weekly every other Friday for previous two weeks.

What that Means

Transitioning to bi-weekly will lower their overall monthly take home pay in the months with two checks. Two months a year will include three paychecks and will be a larger monthly take home pay.

S	M	T	W	T	F	S
					2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24



How to Calculate Bi-weekly Check

EXAMPLE: Annual Salary: **\$55,294** Standard Hour: **37.5**

Gross pay is before taxes and deductions.

Calculate hours worked per week

37.5×52 (weeks in year) = **1950** (work hours per year)

Determine hourly rate

$\$55,294$ (annual salary)/**1950** (work hours per year) =
\$28.36

Determine hours per pay period

37.5×2 weeks = **75** (hours per bi-weekly pay period)

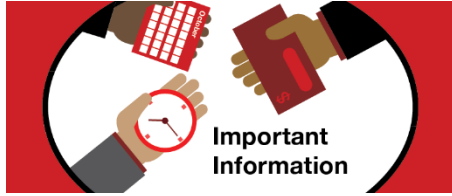
Determine gross bi-weekly paycheck amount

\$28.36 (hourly rate) \times **75** (hours per bi-weekly pay period)
= **\$2,127 gross per paycheck**

$\$2,127 \times 26$ (paydays in a year) = **\$55,302** per typical year

For fiscal transition year of 2016/17, see next slide for calculations.

Paycheck calculator is available online louisville.edu/hr/flsa.

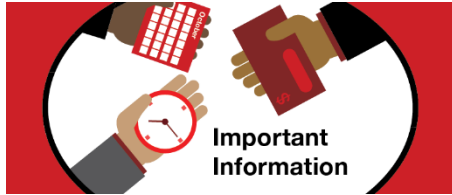


Salary Snapshot for Transition during 2016-17 Fiscal Year – **EXAMPLE 1**

Sample Annual Salary: \$55,294 Hourly rate: \$28.36

Pay period	Gross Monthly Take Home Pay	Notes
2016		
July	\$4,504.74	(without merit)
August	\$4,710.91	(with merit & retro merit for July)
September	\$4,607.83	
October	\$4,607.83	
November	\$4,607.83	
December	\$3,403.20	(2 checks, 12/16 (6 out of 10 days), 12/22 (full bi-weekly check))
2017		
January	\$4,254	(2 checks, 1/13, 1/27)
February	\$4,254	(2 checks)
March	\$4,254	(2 checks)
April	\$4,254	(2 checks)
May	\$4,254	(2 checks)
June	\$6,381	(3 checks)
6 days in June (included on 1 st July check)	\$1,276.20	<i>(this amount is only for the last 6 days worked in June – not the entire amount of first July check)</i>

Total Gross Salary in this 12 month fiscal year = \$55,369.54.

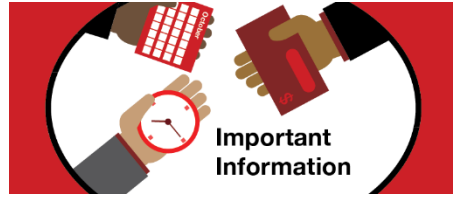


Salary Snapshot for Transition during 2016-17 Fiscal Year – **EXAMPLE 2**

Sample Annual Salary: \$32,000 Hourly rate: \$16.42

Pay period	Gross Monthly Take Home Pay	Notes
2016		
July	\$2,666.67	(in this example, began in Feb 2016, no merit adjustment)
August	\$2,666.67	
September	\$2,666.67	
October	\$2,666.67	
November	\$2,666.67	
December	\$1,970.40	(2 checks, 12/16 (6 out of 10 days), 12/22 (full bi-weekly check))
2017		
January	\$2,463.00	(2 checks, 1/13, 1/27)
February	\$2,463.00	(2 checks)
March	\$2,463.00	(2 checks)
April	\$2,463.00	(2 checks)
May	\$2,463.00	(2 checks)
June	\$3,694.50	(3 checks)
6 days in June (included on 1 st July check)	\$738.90	(this amount is only for the last 6 days worked in June – not the entire amount of first July check)

Total Gross Salary in this 12 month fiscal year = \$32,052.15.



Other Considerations for your employees

- **Deductions**
 - Review the deduction handout online or distributed with the employee's letter
 - Changes must be made from **Nov 28 – Dec 2, 2016**
 - **Benefit deductions will be split between two checks in December.**
- **Personal Finances**
 - Review non-UofL related automatic payments (i.e. mortgage payments) to make sure timing appropriate

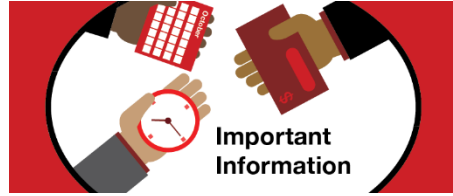


No-Interest Loan Offered

The university is offering a loan as an option for impacted employees to assist during this transition.

- No-interest
- Repaid over 26 pay periods, beginning January 27, 2017
- Employees can submit request form beginning November 15

Additional information will be online via the Payroll website and the FLSA website (<http://louisville.edu/hr/flsa>).



Transition Dates

November 30, 2016 - Last monthly paycheck. Does not include health insurance premiums.

November 28 – Dec 2, 2016 - Window to make any desired deduction changes for first bi-weekly check

December 1, 2016 - Begin non-exempt status. Start reporting all hours worked.

December 16, 2016 - First bi-weekly paycheck for 6 out of 10 days (Dec 1-8). Includes ½ of monthly benefits deductions.

December 22, 2016 - Second bi-weekly paycheck, received early due to winter break. Includes ½ of monthly benefits deductions.

January 13, 2017 - Bi-weekly payday

January 27, 2017 - Bi-weekly payday



Questions



For additional information, visit louisville.edu/hr/flsa.

