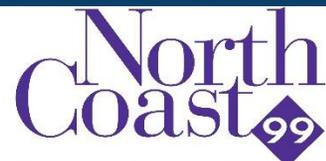


# HR Updates & Understanding Recent Changes in the Fair Labor Standards Act

Alex Teodosio  
Human Resources



North  
Coast 99

HONORING 99 GREAT WORKPLACES  
FOR TOP TALENT IN NORTHEAST OHIO



John Carroll  
UNIVERSITY

**Congratulations!**

# North Coast 99

HONORING 99 GREAT WORKPLACES  
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# Mark Your Calendars



## **The CarrollSTAR University-Wide Employee Recognition Program**

September 1 (Jardine)  
9:00 am – 10:30 am

## **University Community Morning Social**

September 2 (Alumni Lounge)  
8:30 am – 9:00 am

## **The New University Performance Evaluation Process**

September 13 (LSC)  
1:00 pm – 2:30 pm

## **Employees Guides to Utilizing the EAP**

September 14 (LSC)  
10:00 am – 12:00 pm

## **Thinking Visually**

September 22 (LSC)  
9:00 am – 10:30 am

## **Understanding Positive Corrective Action**

September 27 (LSC)  
9:00 am – 11:00 am

## **The New University Performance Evaluation Process**

September 29 (Jardine)  
10:00 am – 11:30 am



# A Few HR Updates

- NorthCoast99
- Staff Employment Process
- HR Policy Review Committee
- **Performance Management**
- **FLSA Regulatory Changes**

# University Values

Outstanding **Teamwork & Collaboration**

Enhancing the **Student Experience**

Striving for **Excellence**

Promoting an **Inclusive Community**

**Leadership** Excellence

Demonstrating **Service in Solidarity**

Innovative **Solutions & Creativity**

# Understanding Recent Changes in the Fair Labor Standards Act

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# Learning Objectives

- Understand the intent of the FLSA and the recent DOL regulatory changes
- Discuss distinctions in categories of exempt and non-exempt employees
- Review JCU application of the recent regulatory changes
- Explain timeline and communication plan for adoption of regulatory changes

# Intent of the FLSA

*“FLSA will give specific minimum protections to individual workers and ensure that each employee covered by the Act would receive ‘a fair day’s pay for a fair day’s’ work.”*

- President Roosevelt, 1937

The Fair Labor Standards Act  
was signed by President Franklin D. Roosevelt on June 25, 1938.



# Intent of the FLSA

FLSA was enacted on June 25, 1938 to create more jobs by:

- Requiring payment for all hours worked
- Discouraging employers from requiring employees to work more than 40 hours in a week by requiring the payment of overtime pay
- Establishing a minimum wage to protect workers

# Who is Covered by the FLSA?

- Everyone who is a paid employee at JCU is covered
- Unpaid volunteers are not covered
- Certain employees are exempt from overtime provisions based on the work they perform

# Exempt vs. Non-Exempt

## Exempt (Salaried) Employees:

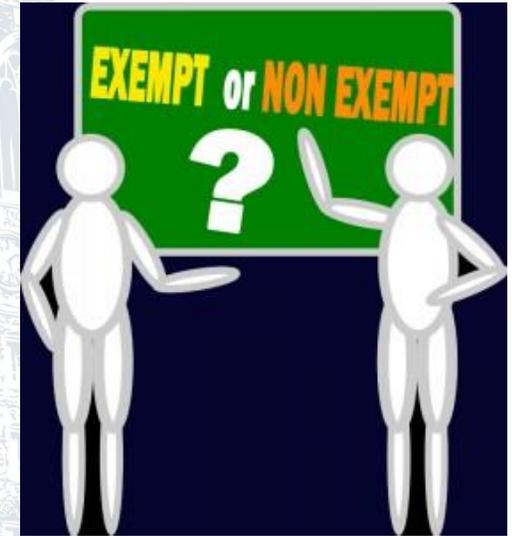
- Are regularly paid a pre-determined amount
- Meet FLSA “salary level” test
- Are engaged in supervisory, administrative or executive job duties
- Are not entitled to Overtime

## Non-Exempt (Hourly) Employees:

- Do not meet one or more of the FLSA exemption tests
- Do not meet “salary level” test
- Are not engaged in supervisory, administrative or executive job duties
- Are “Covered” by wage and hour laws (min. wage, hours worked, overtime)
- Are Eligible for Overtime

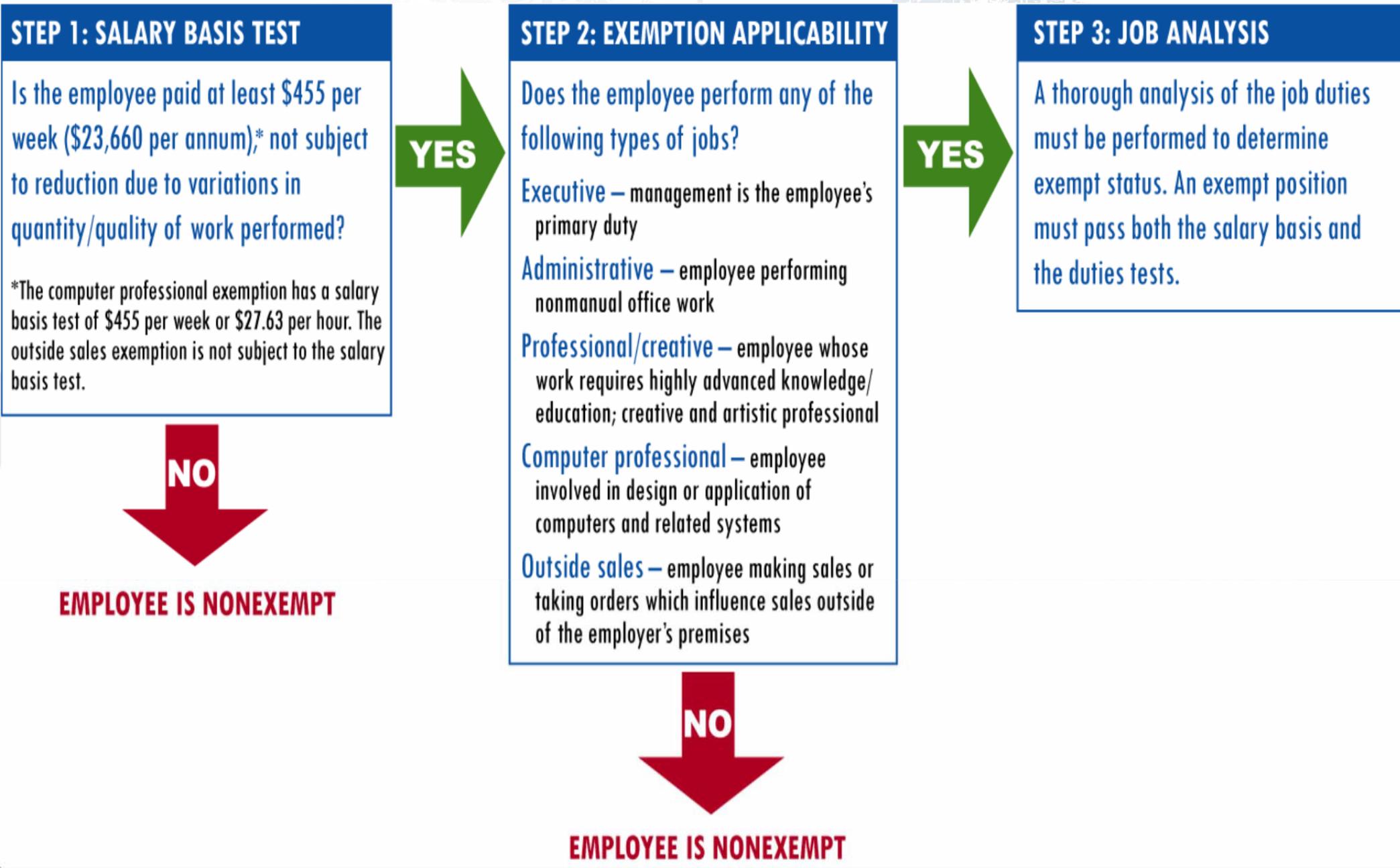
# Exemptions

- Three tests for Exemption
  - **Salary Level** (amount per week)
  - **Salary Basis** (pre-determined, fixed amount)
  - **Job Duties** (Criteria)
- Human Resources determines an **exempt** or **non-exempt** status for each position, with information from departments and review of job descriptions,.



# Exempt vs. Non-Exempt

(until December 1, 2016)



# Regulatory Changes

- May 18, 2016 - DOL announces changes to Salary Level test
  - Impacts 4.2 million U.S. workers
  - Minimum salary increased
    - \$455 to \$913 per work week
      - JCU's work week runs from Sunday to Saturday
      - Work week is 7 consecutive 24-hour periods (168 hours)
      - each work week stands by itself
    - \$23,660 to \$47,476 (full-time annual equivalent)
- Thresholds reset every three years
- About 55 staff will change from exempt to non-exempt
- December 1, 2016 implementation deadline

Microsoft

NEW RULE  
\$47,476  
OVERTIME  
PAY

MAKING  
LEADER

DEPT. OF LABOR ANNOUNCES NEW OT PAY RULES

4

5:05

# White Collar Exemptions

(beginning Dec. 2016)

	Executive	Administrative	Professional
<b>Salary Level Test</b>	\$913 per week (\$47,476 per year for a full-year worker)	\$913 per week (\$47,476 per year for a full-year worker)	\$913 per week (\$47,476 per year for a full-year worker)  <u>Does not</u> apply to doctors, lawyers or teachers
<b>Duties Test</b>	The employee's "primary duty" must be managing the enterprise, or <b>managing in a department or subdivision</b> of the enterprise (and <b>managing 2 fulltime employees</b> as well).	The employee's "primary duty" must include the <b>exercise of discretion and independent judgment</b> with respect to matters of significance.	The employee's "primary duty" must be to primarily perform work that either <b>requires advanced knowledge in a field of science or learning</b> or that requires invention, imagination, originality or talent in a recognized field of artistic or creative endeavor.

# Other Exemption Examples

(Not Impacted)

- Faculty / Teachers/ Instructors / Coaches
- Outside Sales
- Doctors engaged in medical work
- Lawyers engaged in law work

# Common Errors to Avoid



- Improperly applying an exemption
- Non-exempt employees failing to accurately record hours worked
- Not properly accounting for hours for training, travel etc. for non-exempt staff

# Flexible Work Week

- JCU workweek
- Total hours worked in a week
- Occasional weekend assignments

# Timeline & Communication

Time Period	Activity
February – July	Job description updates
May 3, 2016	Hours-worked survey administered
May 18, 2016	DOL official announcement
June 1, 2016	FLSA notice to employees <i>(Also posted on HR website)</i>
June - August	HR meetings with individual VPs
August 30	Discuss DOL changes with Staff Council
September 16	Supervisor workshop
September - November	Individual employee meetings and Notice to employees
November 17	Banner Web Time Entry Training
December 1, 2016	Regulatory change start date

# Frequently Asked Questions

**Q. When do the new FLSA rules take effect?**

A. December 1, 2016.

**Q. Do the new FLSA rules affect faculty?**

A. The new rules do not affect any instructional faculty or other instructors because the FLSA exempts all faculty and instructors from salary requirements. (This includes all tenured, tenure track, visiting, and part-time faculty, instructors, head coaches and assistant coaches).

**Q. If I am an impacted employee, will I automatically receive a pay increase?**

A. No. Neither your rate of pay nor your benefits will be impacted.

# Frequently Asked Questions

**Q. I have been told I will be changing from exempt to non-exempt. What does that mean for me?**

A. As a non-exempt employee, you must receive compensation for all hours worked, so you will need to report your actual hours worked.

- If you work extra hours, but do not exceed 40 hours per week, you will be paid at your normal rate for those hours.
- If you work more than 40 hours in a week, you will receive overtime pay at 1 ½ times your normal rate for the additional hours.
- As a non-exempt employee, you will also be paid on a Bi-Weekly basis.

**Q. Is my supervisor able to limit my work outside of my normal working hours?**

A. Yes. You must first receive approval from your supervisor to work *any* hours that are above your regular scheduled hours, especially if you will plan to work more than 40 hours in a week.

# Frequently Asked Questions

- Q. Can my supervisor limit the number of overtime hours I work?**
- A. Yes, your supervisor must give advance approval before you work any extra hours beyond your usual work schedule.
- Q. Can my supervisor adjust my schedule within a workweek so that my hours do not exceed 37.5 hours in a workweek?**
- A. Yes, your supervisor may adjust your schedule within a workweek to maintain overall hours at 37.5 hours in a workweek. For example, if you work 8:30-7:00 on Monday, your supervisor may adjust your schedule to work 8:30-3:00, two hours less, on another day of the same workweek.

# Frequently Asked Questions

**Q. How many employees at JCU are affected?**

A. About 55 of the University's employees are directly affected by the FLSA regulatory changes.

**Q. If I am converted to a non-exempt employee, will I lost any vacation time?**

A. No, you will not lose any unused vacation and you will continue to accrue vacation at your current accrual rate.

# Frequently Asked Questions

**Q. If I am converted to a non-exempt employee, will I need to keep track of the daily hours I work?**

A. Yes. It is important to accurately record hours worked each day so you are paid appropriately.

**Q. Where can I get more information?**

A. You may contact your [Human Resources](#) representative with any additional questions. Complete information on the new rule is also available from the website of the [Department of Labor's Wage and Hour Division](#).

Thank you for all you do to make JCU a  
**great place to work**

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