Fair Labor Standards Act (FLSA)

Update for Managers

Miranda Pratt, Manager, Human Resources
Laura Boyd, Assistant Director, Human Resources

November 2016
Agenda

Today We will Answer

- What is the Fair Labor Standards Act (FLSA)?
- What changes will impact my employees?
- What can I do as a manager?
- What resources are available to me as a manager?
What is the Fair Labor Standards Act (FLSA)?
Fair Labor Standards Act (FLSA)

What is FLSA?

- The Fair Labor Standards Act (FLSA) is a federal law administered by the U.S. Department of Labor (DOL) that establishes pay and labor rules for public and private sector employers.

- The FLSA describes time reporting requirements and establishes a national minimum wage. FLSA regulations also determine which jobs are considered nonexempt (paid hourly and eligible for overtime) vs. exempt (paid salaried and ineligible for overtime).
What is FLSA?

- Beginning on Dec. 1, 2016 (effective Nov. 21 at ASU), the salary threshold for exemption from overtime pay will change from $455 per week ($23,660 per year) to $913 per week ($47,476 per year).
Fair Labor Standards Act (FLSA)

What is FLSA?

- Except for narrow exceptions, current exempt ASU employees who are paid on a salary basis and earn less than $913 per week ($47,476 per year) will become nonexempt, overtime-eligible employees. Higher education institutions may provide their employees with comp time instead of cash payment for overtime hours.

- Employees who are being converted from exempt to nonexempt were notified in mid to late October, along with their direct supervisors.
ASU HR Video

Office of Human Resources

Fair Labor Standards Act

updates to the Act and the impact on you
What changes will impact my employees?
FSLA Changes

- The new FLSA Regulations result in some ASU employees being reclassified from exempt to nonexempt/hourly.

- Nonexempt employees are paid hourly and receive comp time/overtime for each hour worked over 40 hours per workweek.

- Exempt employees satisfy an exemption test (e.g., administrative, executive, professional) and are paid on a salary basis of $913 per week or more. They do not receive compensatory time or overtime compensation.
Fair Labor Standards Act (FLSA)

FSLA Changes

- Annual salaries effective Nov. 21, 2016 will be calculated on a weekly rate, divided by 26 (the biweekly rate) divided by two (to get to the weekly rate). For example, a full-time employee with an annual salary of $40,000 would have a converted weekly rate of $769.23 ($40,000/26 = $1,538.46 biweekly or $769.23/week).

- Employees will be required to record their actual time worked each pay period using the PeopleSoft system. All hours must be submitted and approved during the pay period in which they are worked to avoid a delay in pay.
Fair Labor Standards Act (FLSA)

FSLA Changes

- If employees are required to work during nonstandard hours, they must receive pay for all hours worked and must receive compensatory time (or in certain instances overtime compensation) for hours worked in excess of 40 in a workweek including work performed on evenings and weekends.

- The University standard is to offer employees comp time for excess hours.

- Any overtime hours must be pre-approved and reported in the same week in which they are worked. Supervisors cannot report hours over 40 hours per workweek in another pay period to avoid paying comp time/overtime.
Fair Labor Standards Act (FLSA)

FSLA Changes

- Checking voicemails or emails after normal working hours, beyond a small amount of time, is considered time worked, and employees must be compensated. If it is required, employees must secure approval from their supervisor prior to performing work outside normal hours. See SPP 404-08 for more information.

- Employees working remotely need to be mindful of their time.
What can I do as a manager?
Fair Labor Standards Act (FLSA)

What can I do as a manager?

- Have regular conversations with your employees.
  - How is your work load?
  - Are you on a deadline and need help with a project?
  - Can you take advantage of a flexible weekly work schedule for a weekend event?
  - If comp time is earned, have regular conversations with your employees about using their comp time.
  - If overtime is needed, it must be first approved by supervisors and then employees will need to submit the Overtime Approval Form.
**Fair Labor Standards Act (FLSA)**

**What can I do as a manager?**

- Encourage Employees to Report their Time
  - Employees should report hours weekly
    - All full time employees must account for 40 hours a week in (quarter hour increments) for each week including work, vacation, sick, holiday, etc.

- Approve your employees time.
  - Set a calendar reminder for Friday mornings to approve their time.
  - Regularly monitor reported time and earned comp time.

- If managers do not approve time, employees will not be paid.
Additional Information
Fair Labor Standards Act (FLSA)

Additional Information

- Any change in exemption status is because the university must comply with the FLSA, as it is a federal law. *This change does not impact an employee’s professional status.* The value and contribution of each employee, regardless of how they are paid, is significant and important to the university.

- Newly nonexempt employees will be compensated for all work time including hours worked in excess of 40 hours per workweek (paid in comp time or overtime).

- The change does not restrict work schedules or reduce productivity and work performance. Leaders must plan for variations in work schedules given seasonal activities and workloads. The change may provide employees more flexible schedules during these times.
Fair Labor Standards Act (FLSA)

Additional Information

- With the new regulations, responding to electronic communication will likely not be necessary outside work hours however, when nonexempt employees respond, they will be compensated. It is suggested that a disclaimer be added to emails sent after normal work hours indicating that response is not needed until regular work hours (if appropriate for the situation). Visit SPP 404-08 for more information.

- Nonexempt employees have the same rights and privileges to attend business seminars and conferences as exempt staff. Nonexempt staff is compensated for travel time. Visit ASU’s nonexempt travel page for more information.
Additional Information

- Nonexempt employees will be required to enter and record all their work time through the normal time-and-record-keeping practices in the area/department, which may include noting such things as arrival, lunch, and departure times. Each unit should be able to provide specific guidelines and practices that are currently used to assist the newly nonexempt employee.

- There is no change in insurance, retirement or leave benefits.
What resources are available to me as a manager?
FLSA Resources

• U.S. Department of Labor (DOL)
  https://www.dol.gov/whd/flsa/
• ASU Human Resources
  https://cfo.asu.edu/flsa-faqs-employee-information
• Your Human Resources Partner
  https://keep.sp10.asu.edu/sites/hr/
• Payday and Payroll Calendars
  https://cfo.asu.edu/payroll-calendars
• SPP 404-08: Nonexempt Employee Electronic Communications
  http://www.asu.edu/aad/manuals/spp/spp404-08.html
• Nonexempt Employee Travel
  https://cfo.asu.edu/non-exempt-travel
PeopleSoft Samples

Management Intern
Earliest Change Date 11/07/2016
Hourly Rate 15.00

Select Another Timesheet
*View By
*Date 11/07/2016

Reported Hours 27.00

From Monday 11/07/2016 to Sunday 11/13/2016

<table>
<thead>
<tr>
<th>Mon 11/7</th>
<th>Tue 11/8</th>
<th>Wed 11/9</th>
<th>Thu 11/10</th>
<th>Fri 11/11</th>
<th>Sat 11/12</th>
<th>Sun 11/13</th>
<th>Total</th>
<th>Time Reporting Code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>8.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.00</td>
<td>4.50</td>
<td>6.00</td>
<td>4.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8.00 HOP - Holiday Hourly
10.00 HRY - Reg Hours

Submit/Certify

Reported Time Status | Leave / Compensatory Time | Exceptions | Payable Time
Reported Time Status

Select Date Reported Status Total TRC Description Comments
11/07/2016 Needs Approval 5.00 HRY Reg Hours
11/09/2016 Needs Approval 4.50 HRY Reg Hours
11/09/2016 Needs Approval 5.00 HRY Reg Hours
11/10/2016 Needs Approval 4.50 HRY Reg Hours
11/11/2016 Needs Approval 8.00 HOP Holiday Hourly

Approval
Select All Deselect All Approve Deny
Thank you

Miranda Pratt, Manager, Human Resources, Miranda.Pratt@asu.edu
Laura Boyd, Assistant Director, Human Resources, Laura@asu.edu