

# CHANGES TO THE FAIR LABOR STANDARDS ACT (FLSA)

## GENERAL INFORMATION

### What is all this talk about new rules?

The Fair Labor Standards Act (FLSA) is a federal law administered by the Department of Labor (DOL). This law sets employment rules such as minimum wage, the rules for determining eligibility for overtime and the payment of overtime. Upon request from federal administration, the DOL has amended the rules that pertain to the eligibility to be exempt from the payment of overtime. This new rule changes the amount of salary an employee must be paid to be considered exempt from overtime to \$47,476 (\$913 week). **This affects all employers of more than 50 employees, not just Texas Tech.**

### What is the difference between an exempt and nonexempt employee:

#### What is an exempt employee?

Exempt employees are generally expected to devote the number of hours necessary to complete their respective tasks, regardless of whether that requires 35 hours per week or 55 hours per week. Their compensation doesn't change based on actual hours worked. Exempt employees aren't paid extra for working more than 40 hours per week; they're paid for getting the job done.

Exempt positions are excluded from minimum wage, overtime regulations, and other rights and protections afforded nonexempt workers. Employers must pay a salary rather than an hourly wage for a position for it to be exempt. Typically, only executive, professional or outside sales positions are exempt positions.

Exempt employees are not granted the protections of the FLSA and are therefore not entitled to overtime pay. Some types of jobs are considered exempt by definition under the law, but for most professions, an individual is an exempt employee if he or she meets the following three tests:

1. Is paid at least \$47,476 per years (\$913 per week).
2. Is paid on a salary basis.

3. Performs exempt job duties.

#### What is a nonexempt employee?

Nonexempt employees must be paid overtime if they work more than 40 hours per workweek, so it often behooves employers to keep nonexempt employees' hours down.

Nonexempt employees, as the term implies, are not exempt from FLSA requirements. Employees who fall within this category must be paid at least the federal minimum wage for each hour worked and given overtime pay of not less than one-and-a-half times their hourly rate for any hours worked beyond 40 each week.

#### **How do we know which employees are affected by this change?**

The new rule will change the Texas Tech pay plan. There are job titles whose pay grade will not meet the new salary threshold and will no longer be considered exempt. Departmental administrators have been informed of the job titles that will be changing from exempt to nonexempt and should be meeting with affected employees. Employees and supervisors are welcome to contact their local Human Resources office for further information.

#### **When do the new rules take effect at Texas Tech?**

Texas Tech will institute the new rules effective **November 1, 2016**.

#### **What is the workweek for the Texas Tech University System?**

The Texas Tech workweek is Sunday 12:01 am to Saturday 12:00 midnight.

**Deadline Reminders:** Remember that deadlines may differ for ePaf, EOPS or other employee transactions for nonexempt versus exempt employees. Refer to the Payroll Deadline calendars on your portal or the payroll website:

Payroll Deadlines and Pay Date Guide:

<http://www.depts.ttu.edu/payroll/pay-schedule/documents/payroll-services-general-deadlines.pdf>

