Final Implementation Update: System-wide Pay Plan and Overtime Regulations

HR Liaison Network
11/16/2016
Topics

- Background
- Overtime Regulations
- Pay Plan
- Next Steps
Background

Overtime Regulations
- U.S. Department of Labor (DOL) initiative
- Applies to all employees
- May change pay to hourly
- Effective December 1, 2016

System-wide Pay Plan
- A&M System initiative
- Applies to most staff employees
- Includes minimum pay rates
Overtime Regulations: Exempt vs. Non-Exempt

• Exempt:
  – Paid a fixed salary on a monthly schedule
  – No pay or comp time for extra work hours
• Non-exempt:
  – Paid an hourly rate on a biweekly schedule
  – Earn overtime pay or compensatory time for hours worked over 40 in a workweek
Exemption from overtime is based on three elements:

- **Salary Basis**: Fixed amount
  - Executive, Administrative, or Professional per federal guidelines

- **Salary Minimum Threshold**: $913 per week, $3,956.33 per month, or $47,476 per year
Salary Minimum for Exemption

• $913 per week, $3,956.33 per month or $47,476 per year
• Amount applies whether employee is part-time or full-time
• Minimum does not apply to:
  • teachers (including faculty titles and graduate teaching assistants), or
  • lawyers, doctors and veterinarians
  • Such positions are exempt from overtime regardless of salary level
  • Resident Advisors, Graduate Assistants Research may be paid a set amount
Titles Becoming Non-Exempt

- Initial review and recommendation by the Pay Plan Administrator, using the DOL exemption criteria, opinion letters and legal cases;
- System Member HR offices input and feedback;
- Review of assigned pay grades as well as peer institutions’ exemption status of certain roles;
- In cases where there was significant disagreement, some alternatives were discussed in terms of adding titles as options.

The primary consideration when there was not agreement was risk-mitigation and consistency across System Members.
Impact on Employees

- 1,100 employees are changing to non-exempt
  - 12/1 monthly paycheck not impacted
  - First bi-weekly paycheck on 12/22
- Most are changing due to the salary threshold
  - Some due to title exemption change
- HR communicated directly to employees identified as becoming non-exempt with initial notification
  - Additional notifications at department level in some cases
- Financial adjustment to bi-weekly pay schedule
This change is not about:

- Lack of trust
- Not being a “professional”
- Demotion or punishment

This change is about:

- Complying with federal requirements
- Extending overtime protection to more employees
Employees

Understand that they are valued employees critical to the mission of Texas A&M University

Recognize the importance of accurately recording work hours

Realize that they may need to adjust schedules and work differently
Managers and Supervisors

- Review organization of work and scheduling
  - Can adjust hours in same workweek
- Oversee employee work and leave hours
- Balance financial stewardship with the need to get work done
- Understand the importance of their role in leading the way through change
What HR Liaisons Need to Know

1. List of employees changing to non-exempt
   - Some recent pay adjustments for those in exempt titles
   - Some recent title changes for those in non-exempt titles
   - Calculation of hourly rate using 2080 and automated process

2. Payroll processing
   - Timesheets for bi-weekly pay period will be created 12/1 or later
   - 12/22 paycheck will have full benefits deductions for those changing to non-exempt
   - Employees may need extra time or assistance for first timesheet completion
What HR Liaisons Need to Know

3. Division or department approach to comp time versus overtime pay
   - Standard approach—comp time first, overtime pay by exception
   - Avoiding “off the clock” work
   - HR has draft guidance for departments upon request
Potential HRL Action Steps

- Help facilitate change for impacted employees and supervisors
- Become familiar with HR online resources
- Assign TrainTraq courses
  - Comp time for employees
  - Comp time for supervisors
- Seek answers for department-specific questions or resource needs
Resources and Training

- HR resource page with FAQs: http://employees.tamu.edu/compensation/flsa/
- Online training and tutorials:
  Comp time course and timesheet tutorials for employees and supervisors in TrainTraq and TimeTraq
HR Next Steps

• Final reminder of change to employees and lists to departments
• Draft Overtime SAP for campus review
• Developing any additional resources needed for departments, supervisors or employees
  – Recorded webex of working hours sessions
  – Additional resources on website
System-wide Pay Plan - Background

- Compensation audit recommendations
- Consultant was chosen to review over 9,000 job titles across the A&M System
- Objective was to create single, system-wide pay plan for staff positions, with some executive-level and other titles excluded.
- Final plans presented to Board of Regents in September 2015
- Implementation December 1, 2016
System-wide Pay Plan - Outcome

- Standardized titles and pay structures across the A&M System for staff titles
- Staff positions mapped to new titles based on current classifications
- Some staff employees received a pay increase to new minimums, effective September 1, through budget process
- Title changes are effective December 1 through an automated process
Employee Impact

- 500 received a pay plan adjustment increase on 9/1 – 50 more on 12/1
- Some will have a change in title description on 12/1
- All (including positions outside the pay plan) will have a change in title code (four-digit number) on 12/1 since all titles are moving to a single listing
- Communications about title change have been provided to division HRLs
Employee Impact

- Communications of title change via email from HR
  - Brief background
  - Current and new title description
  - Only employees in pay plan
  - Working titles still available for use
  - Process for feedback
Manager & Supervisor Impact

- Changes in staff titles and pay administration
  - Equivalency ratio 1:1
  - Some change in minimum qualifications
- Impact on currently posted positions
  - May be asked to put on hold or re-post
  - New postings since last week have used new screening
- More structure for many titles, flexibility in pay ranges and more guidance
HR Liaisons Impact

- Implementation of new titles and change to biweekly will be automated
  - EPA blackout period Nov 21-30 in prep for load
  - All positions will have a 12/1/16 iteration
  - Wait to enter EPAs with dates after 12/1
  - Extra steps to do retroactive funding source changes
  - Only one title code for all source lines starting 12/1

HR Liaisons Impact

- Load of new titles to PATH
  - HR testing impact on pending postings and actions
  - NOT overwriting posting title
  - Final load may occur 11/28 or 11/29
  - Initial load of information may be limited to required fields
- Read 11/21 and 11/28 LNNs for updates
### Title Details

<table>
<thead>
<tr>
<th>System Member Institution or Agency</th>
<th>TEXAS A&amp;M UNIVERSITY (TAMU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>O*NET Occupation Title</td>
<td>Educational, Guidance, School, and Vocational Counselors 21-1012.00</td>
</tr>
<tr>
<td>System Member Part Number</td>
<td>02</td>
</tr>
<tr>
<td>System Member Workstation</td>
<td>M</td>
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<tr>
<td>Position Title</td>
<td>Academic Advisor I</td>
</tr>
<tr>
<td>Posting Title</td>
<td>Academic Advisor I</td>
</tr>
<tr>
<td>Title Code</td>
<td>TAMU-9378</td>
</tr>
<tr>
<td>Classified / Non-Classified</td>
<td>Non-Classified</td>
</tr>
<tr>
<td>SOC Major/Minor Code</td>
<td>211012</td>
</tr>
</tbody>
</table>
Titles & Pay Structure Online

## Example of Change in Rates

<table>
<thead>
<tr>
<th>Position Type</th>
<th>Before System-wide Pay Plan</th>
<th>System-wide Pay Plan - 12/1/16 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Posting and Hiring Rate - Dept Authority</td>
<td>Posting and Hiring Rate - Dept Authority</td>
</tr>
<tr>
<td>Classified Titles</td>
<td>Classified Pay Plan minimum + 10% for superior qualifications</td>
<td>System-wide Pay Plan minimum or lower band, or specific rate/range if within lower band</td>
</tr>
<tr>
<td>Example</td>
<td>Office Associate - $11.59, or up to $12.74 with department head authority</td>
<td>Administrative Associate III - $11.50 or $11.50 - $14.77 or a range within the lower band</td>
</tr>
</tbody>
</table>
Implementation Plans:

1. Liaison Network Announcement Later today
2. Employee Notification for Pay Plan Titles
3. Final Employee Reminder of Change to Non-exempt
5. Proposed revisions to University Rules and SAPs to accommodate new pay structures and delegation of authority
6. Other guidance to help managers and employees through the transition
Final Thoughts

1. Everyone needs time to adjust to changes
2. December 1 is not the end of the work
3. Be the leader by having a learning mindset
Elizabeth Schwartz
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