



Instructions for Implementing Pay Increases to the New Fair Labor Standards Act (FLSA) Salary Minimum for Exemption

Steps to Implement Pay Increases for Employees

Departments should follow the steps below to implement a pay increase for employees to the new FLSA salary minimum (\$2,964 per month) or to \$3,000 per month (per \$36,000 required minimum for Postdoctoral Research Associates):

Step One: Department should obtain approval from the appropriate Executive Approver for out of cycle increase (see suggested template below).

- Please note that you do **not** have to route for VPR/ HROE/HSC-HR review in advance of the Workday action unless you are requesting an equity increase to **more** than \$36,000, which will require additional VPR/ HROE/HSC-HR review. (For example, if raising multiple employees in the same unit to the same rate creates a pay compression/equity problem and you need to request a higher pay change for one of the employees.)

Step Two: Once approved, HR Liaison should initiate the Workday action Request Compensation Change with effective date of 1/1/2020 (or as early as 12/2019) and reason code Other Salary Action. Please attach the approval memo or email indicating the appropriate approval from Step One. Also, please add a comment as follows: Increase based on new FLSA overtime threshold for maintaining exemption. The Workday business process must be completed in Workday no later than January 21 (and preferably earlier if possible) for a January 1 effective date.

Step Three: Notify employee (see suggested template below)

Approval Memo or Email Suggested for Pay Increase to Threshold

To: Respective Executive Approver (Vice President or Dean or Designee)

Through: Any other management channels appropriate within College or Division

From: Department Head or supervisor

Subject: Request for Pay Increase/Percent Effort Change Due to New Overtime Regulations

I am requesting your approval to provide a pay increase outside of the budget cycle for <employee name, title, position number>. This employee is currently in a title that is exempt from overtime, but <his/her> current rate of pay is <\$_____>, which is below the new federal threshold for exemption of \$35,568 per year (\$684/week or \$2,964/month). Funding for this increase will come from <funding or costing allocation description>. We have analyzed the potential business impact and we request this adjustment as the recommended decision to

enable the employee to remain exempt from overtime. This pay change does not create an equity issue within our <college or department>. For staff (non-research) positions, HROE has indicated that pay changes for this purpose do not need initial HR review prior to the Workday action.

Employee Memo or Email Suggested for Pay Increase to Threshold

To: Employee Name, Title
From: Department Head or supervisor
Subject: Pay Increase Due to New Overtime Regulations

This notice is to inform you that your salary is increasing effective <January 1, 2020> to <\$_____> per month. This change is to preserve the salary basis and exemption status for your position under new federal overtime regulations. Your position will remain exempt from overtime and monthly-paid. This increase brings your rate of pay to the new federal threshold for exemption of \$35,568 per year (\$684/week or \$2,964/month). You will notice the pay rate change on your <February 3, 2020> paycheck. Please let me know if you have any questions, or you may access additional online resources at <https://employees.tamu.edu/compensation/flsa/>.

If you have any questions about these resources, please contact Human Resources Classification and Compensation by email at hrcomp@tamu.edu or by phone at (979) 845-4170 or hschr@tamu.edu for Health Science Center departments.