Proposed Overtime Regulations Update

Elizabeth Schwartz
Director of Workforce Management
eschwartz@tamu.edu
979.845.0357
employees.tamu.edu
Topics

- Background
- Proposed Changes
- Impact on Texas A&M University
- Next Steps
Background: Federal Regulations

The Fair Labor Standards Act (FLSA) of 1938
- Minimum wage
- Child labor
- Compensable working time
- Overtime requirements and exemptions

Federal regulations issued by the Department of Labor (DOL) provide additional guidance on compliance with the FLSA and other related legislation.
Background: Exemption from Overtime

- Nonexempt employees are paid hourly and are eligible for comp time or overtime for hours worked over 40.
- Exempt employees are paid on a salary basis and are not eligible for overtime.
- Exemption requires:
  - Job duties test
  - Salary basis and salary minimum

In most cases, both job duties test and salary basis/salary minimum are required for exemption from overtime.
Proposed Changes: Salary Minimum

Salary minimum (2004 to present):
- $455 per week
- $1,971.66 per month
- $23,660 per year

Proposed salary minimum (date TBD)
- $970 per week
- $4,203.33 per month
- $50,440 per year

Salary minimum is expected to change regularly (could be as often as annually)
Proposed Changes: Timeline

- June 30: Proposed regulations announced on DOL website
- September 4: deadline for public comments
  - Texas A&M HR participated in feedback through professional organizations and surveys
  - DOL reports that over 250K comments received
  - HR orgs mostly critical of proposed rule
Proposed Changes: Timeline

- Late 2015 or early 2016 (TBD): final regulations released
- Mid to late 2016 (TBD): effective date for changes
Impact on Texas A&M University

- Teachers (Faculty, GATs) and some professional positions (doctors) do not have to meet salary minimum
- GARs remain covered by opinion letter
- Postdocs and other Research titles are subject to the minimum
- Many other currently-exempt positions are potentially impacted
For positions below salary minimum and not otherwise excluded:

- Changed to hourly/nonexempt
- Must track work hours on timesheets
- Eligible for overtime or compensatory time

Based on FY16 salaries, approximately 1,000+ individuals potentially impacted
Impact on Texas A&M University (continued)

- Once final regulations are released, impact on individual positions will be determined
- Education will be needed for employees and supervisors on what is considered working time
- Policy decisions on comp time versus overtime will need to be addressed
Next Steps – Texas A&M HR

1. Continue analysis and share with leaders and divisions about positions potentially impacted
2. Stay alert for DOL announcements and articles/webinars on latest developments
3. Work with the System Pay Plan Advisory Committee and an FLSA Subcommittee to assure coordination of these changes
Next Steps – HR Liaisons

- Watch for additional information from HR once final regulations are released (expected late 2015 or early 2016)
- Identify positions in your adlocs that may be impacted (HR can provide data if needed)
- Consider beginning the conversation with departmental supervisors about approximate working hours of exempt employees who make below $50K
Final Thoughts

1. More staff employees will become eligible for overtime in 2016
2. We will not know the real impact until final regulations are issued
3. There will be extensive communications and efforts to help employees and supervisors understand the changes
HR Liaison Network

We’re here for you!

HUMAN RESOURCES LIAISON NETWORK
FY2016

FOLLOW US ON: