FLSA Exemption Salary Threshold Increase
Effective December 1, 2016

CAMPUS ACADEMIC PERSONNEL PARTNERS
OCTOBER 12, 2016
Overview of New Regulation

- FLSA rules regarding salary basis test for determining exemption status has changed.
- The salary level test increased from $455/week ($23,660/year) to $913/week ($47,476/year), effective December 1, 2016.
- The salary threshold will be adjusted every 3 years beginning on January 1, 2020.
Salary level test does not apply to certain professionals, including:

- Professors, lecturers, tutors and other teachers whose primary duty is teaching. This is referred to as the “professional teaching exemption.”

- Athletic coaches and assistant coaches, if their primary duty is teaching and instructing athletes, may be exempt from salary level test.

- Undergraduate/Graduate Students engaged in research or extracurricular activities: Not considered by DOL as employees.
Currently all Academic Appointees are FLSA-Exempt.

Therefore, Academic Appointees whose salaries do not meet the new threshold and do not qualify for other FLSA exemptions will be reclassified to non-exempt as of December 1, 2016:

- Full-time exempt employees whose actually salaries fall below the threshold
- Part time exempt employees whose actually salaries fall below the threshold
UC System-wide Decisions

EFFECTIVE NOVEMBER 20, 2016:

- Salary scale adjustment for certain titles to maintain exempt status for full-time appointees
- Some full-time titles will be moved to non-exempt status
- Part-Time employees below threshold will be converted to non-exempt biweekly
No change to salary scales for Jr. Specialist - Reclassify as non-exempt/overtime-eligible (full-time & part-time)

Increase salary for Assistant Specialist level 1 and 2 to maintain exempt status

Postdocs – Full-time appointments will remain exempt with salary scale change on 12/1/2016. Part-time postdocs most likely will be FLSA-non-exempt.

Librarians – Full-time appointments will remain exempt. Part-time will most likely be FLSA-non-exempt.
Reclassify as over-time eligible (non-exempt) part-time academic appointees who earn less than $913 per week:

- Potentially impacting any non-teaching academic titles that is part-time and earn less than $913 per week

- 9-month academic-year appointees paid over 12 months: Academic Year Academic-Year Coordinator level 1 and 2 full-time annualized salary actually meets the salary level test threshold and will remain exempt

- Part-time 9-month academic-year appointees whose salary amounts fall below the threshold will be moved to non-exempt.

*Will need special notation in their summer TRS reporting*
# Affected UCI Academic Employees

(based on 9/30/16 PPS data)

<table>
<thead>
<tr>
<th>Total PT Exempts Below Threshold</th>
<th>99</th>
</tr>
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<table>
<thead>
<tr>
<th>Coordinating Point</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>School of Medicine</td>
<td>56</td>
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<tr>
<td>Physical Sciences</td>
<td>20</td>
</tr>
<tr>
<td>Biological Sciences</td>
<td>10</td>
</tr>
<tr>
<td>Office of Research</td>
<td>7</td>
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<tr>
<td>Other units</td>
<td>6</td>
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</table>

<table>
<thead>
<tr>
<th>Total Jr. Specialist – moving to nonexempt</th>
<th>71</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Coordinating Point</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>School of Medicine</td>
<td>42</td>
</tr>
<tr>
<td>Biological Sciences</td>
<td>13</td>
</tr>
<tr>
<td>Physical Sciences</td>
<td>3</td>
</tr>
<tr>
<td>Engineering</td>
<td>5</td>
</tr>
<tr>
<td>Pharmaceutical Sciences</td>
<td>2</td>
</tr>
<tr>
<td>Office of Research</td>
<td>4</td>
</tr>
<tr>
<td>Social Sciences</td>
<td>3</td>
</tr>
<tr>
<td>Education</td>
<td>1</td>
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</table>
Affected UCI Academic Employees with Dual Appointment  
(based on 9/30/16 PPS data)

<table>
<thead>
<tr>
<th>Total Academic Appointees with Dual appointments</th>
<th>21</th>
</tr>
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<tbody>
<tr>
<td>Remaining Exempt due to primary teaching appointment</td>
<td>10</td>
</tr>
<tr>
<td>Remaining Exempt as a result of meeting salary threshold test</td>
<td>9</td>
</tr>
<tr>
<td>Moving to non-exempt as a result of NOT meeting salary threshold test</td>
<td>2</td>
</tr>
</tbody>
</table>
Implementation Plan – Junior Specialists

**IMPACTED**
- FLSA status for all Jr. Specialist appointments will be converted to non-exempt and pay rates will be converted to hourly rates.

**IMPLEMENTATION**
- AP will issue personalized notice to all Jr. Specialists during the week of 10/17/16.
- Current EXEMPT status need to end on 11/19/2016 in PPS.
- Beginning 11/20/2016, FLSA status will be changed to non-exempt in PPS.
- PPS conversion: AP will provide step-by-step PPS instructions and timeline for departments to make changes in PPS.
Implementation Plan – Specialists

**IMPACTED**
- Levels 1 and 2 of the Assistant Specialist Salary Scale will be adjusted:
  - Level 1: $43,428 to $47,484
  - Level 2: $46,460 to $48,492
- Full-time Assistant Specialists will remain FLSA-exempt
- Part-time Assistant Specialists, especially part-time appointees at lower levels, will most likely move to non-exempt status

**IMPLEMENTATION**
- Salary scale adjustment will be handled centrally by the Academic Personnel Office sometime in November 2016.
- Exact timing of PPS freeze and scale adjustment will be announced later.
- Part-time appointees with non-exempt status will have new non-exempt title codes and hourly pay rates.
Implementation Plan – Part-time Appointee below Salary Threshold

**IMPACTED**

- Part-time non-teaching academic appointees - below salary threshold
- Will be moved to non-exempt as of 11/20/16

**IMPLEMENTATION**

- AP will issue personalized notice to each affected individual during the week of 10/17/16
- Work with OIT to include these individuals in TRS for time-reporting (by 11/8/16)
- AP will provide detailed instructions regarding Changes in PPS (title codes, hourly pay rate, & FLSA status).
Implementation Plan – Academic Appointees with Dual Appointments in a Teaching title

- Most common combination = Academic-Year Academic Coordinator + Academic-Year Lecturer

- If the lecturer appointment is the “primary appointment” (50% or more for the entire academic year or appointment duration), then the individual qualifies to remain FLSA-exempt based on the ”professional teaching exemption.”

- Must determine this case by case

- Part-time non-teaching academic appointees with a Summer Session appointment will not qualify for ”professional teaching exemption.”
Implementation Plan – Postdoc appointments

- All Postdoc salary amounts will be adjusted as of 12/1/2016 to keep postdocs on FLSA-exempt status.
- Salary scale would follow proposed NIH scale, but starts at level 2 (for postdocs w/o experience) and go through level 7.
- PPS process for salary increase: waiting for UCOP to clarify whether a batch process will be provided. We will provide more details in the next few weeks re. how PPS changes will be made.
- Part-time postdocs will be identified by AP and a list of those moving to non-exempt status will be provide to the units.
- New part-time postdocs will continue to be subject to review/approval by AP.
## Implementation - Timetable

### Academic Personnel

<table>
<thead>
<tr>
<th>Completion Date</th>
<th>Task</th>
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</thead>
<tbody>
<tr>
<td>10/14/2016</td>
<td>AP to provide affected employee list to impacted units</td>
</tr>
<tr>
<td>Week of 10/17/2016</td>
<td>AP to provide individual notices to affected academic appointees</td>
</tr>
<tr>
<td>11/1/2016</td>
<td>AP to provide PPS instructions and timing for changing title codes, pay rates, and FLSA status for academic appointees moving to non-exempt</td>
</tr>
<tr>
<td>11/8/2016</td>
<td>AP to work with OIT to implement TRS for non-exempt academics</td>
</tr>
<tr>
<td>Before 11/20/2016</td>
<td>Salary Scale update in PPS for Assistant Specialists</td>
</tr>
<tr>
<td>After 12/6/2016 but before 12/15/2016</td>
<td>Implement new postdoc salary scale, effective 12/1/2016 (for paycheck in January 2017). AP will provide instruction shortly.</td>
</tr>
</tbody>
</table>
Implementation Plan – Departments/Schools

Schools/Departments

- For new hires:
  - Determine the appropriate FLSA status for appointment by conducting the salary level test
  - Use appropriate non-exempt title codes, pay rates on appointment forms and in PPS

- Provide necessary TRS training for employees using TRS for the first time

- PIs and Departments will need to closely monitor the hours worked for non-exempt academic appointees for compliance.

- For employees already identified as moving to nonexempt: Make changes in PPS in Appointment Lines to reflect change in Title codes, pay rate by October 31, 2016

- Triage employee questions re. FLSA status with AP as needed
Implementation Plan – A Few notables about determining FLSA exempt status

- Teaching exception and split appointments
- Appointees with Fluctuating Appointment percentages
- Appointees on Leave
- Multiple-location Appointments
- Visiting part-time Appointees:
  - Those with teaching titles at their home institution
  - Those without teaching titles at their home institution
Implementation Plan – A Few notables about determining FLSA exempt status (Cont’d)

- Affiliate Appointments: Look at primary appointment (teaching v. non-teaching)
- Recall Appointments – look at primary appointment (teaching v. non-teaching)
- Without Salary Appointments:
  - Not covered by FLSA
  - Individuals holding WOS teaching titles who are otherwise non-exempt will remain non-exempt.
Implementation Plan – Compensable time for non-exempt appointees

- All hours worked will be paid: Regular rate vs. Overtime Rate
- Other Compensable Time:
  - Donning and Doffing
  - Travel Time
  - Break Time
- Factsheet for on website re. managing non-exempt academic employee work hours
The new non-exempt, overtime-eligible employees will transition to the biweekly pay schedule on November 20, 2016. Here are the specific pay dates during that period:

- **December 1:** Final monthly paycheck for work performed between November 1 through November 19, full benefits deduction for December 2016.
- **December 14:** Full paycheck for biweekly period of November 20 through December 3, first ½ of January 2017 benefits deductions.
- **December 28:** Full paycheck for biweekly period of December 4 through December 17, second ½ of January 2017 benefits deductions.
Implementation Plan – Vacation Cash Out Assistance Program

- Initial transition from monthly pay to bi-weekly pay cycle means impacted employees will have a wage short fall of about 9 working days.
- The vacation cash out assistance program is specifically rolled out to assist affected employee during this initial transition.
- The vacation cash out is capped at 80 hours max: details about the submission process and deadline will be provided on the campus FLSA website.
Implementation Plan – Resources

- Campus FLSA Website (jointly developed with campus HR) will go live on 10/14/16. Website will have the following:
  - General info re. FLSA change and impact at UC
  - FAQs & Power Point slides re. the impact of this change for affected employees
  - Salary calculator
  - Fact Sheet for supervisors and Managers re. how to manage this change
  - Campus procedures and Form for Vacation Cash Out assistance program

- Academic Personnel Office:
  - Will be available for consultation regarding academic appointee’s FLSA status
  - Will conduct timely post-audit to ensure compliance
Questions

Contact Academic Personnel Office at:
acadpers@uci.edu