



FLSA Exemption Salary Threshold Increase

Effective December 1, 2016

CAMPUS ACADEMIC PERSONNEL
PARTNERS

OCTOBER 12, 2016

Overview of New Regulation

2

- ▶ 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

Exempted From Change

3

- ▶ 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

Impact to UC

4

- ▶ 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 actual salaries fall below the threshold
 - ▶ Part time exempt employees whose actual salaries fall below the threshold

UC System-wide Decisions

5

- ▶ **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

UC System-wide Decisions

– Academic Personnel

6

- ▶ 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.

UC System-wide Decisions

– Academic Personnel

7

(cont'd)

- ▶ 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

8

(based on 9/30/16 PPS data)

Total PT Exempts Below Threshold	99
Coordinating Point	
School of Medicine	56
Physical Sciences	20
Biological Sciences	10
Office of Research	7
Other units	6
Total Jr. Specialist – moving to nonexempt	71
Coordinating Point	
School of Medicine	42
Biological Sciences	13
Physical Sciences	3
Engineering	5
Pharmaceutical Sciences	2
Office of Research	4
Social Sciences	3
Education	1

Affected UCI Academic Employees with Dual Appointment

(based on 9/30/16 PPS data)

Total Academic Appointees with Dual appointments	21
Remaining Exempt due to primary teaching appointment	10
Remaining Exempt as a result of meeting salary threshold test	9
Moving to non-exempt as a result of NOT meeting salary threshold test	2

Implementation Plan – Junior Specialists

10

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

11

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

12

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

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

Implementation Plan – Departments/Schools

16

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
- ▶ Pls 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

17

- ▶ 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)

18

- ▶ 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

19

- ▶ 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

Implementation Plan – Bi-Weekly Conversion

20

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

22

- ▶ 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