

# FAIR LABOR STANDARDS ACT (FLSA) 2019 UPDATE



Toolkit for Employees

**LSU**

Office of Human Resource Management

110 Thomas Boyd Hall 225 578 8200 [HR@LSU.EDU](mailto:HR@LSU.EDU)

## ABOUT THIS TOOLKIT

This toolkit is designed to help employees affected by the FLSA new overtime rule to:

- Understand the changes to FLSA overtime rule are mandated to take effect January 1, 2020.
- Plan and prepare for the upcoming change to a bi-weekly pay cycle.

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## IMPORTANT CHANGES IN OVERTIME REGULATIONS

As a result of the 2019 changes to FLSA or *Fair Labor Standards Act*, on January 1, 2020 a new overtime rule is set to go into effect. This new rule will require employers to pay overtime to all employees making less than or \$684 per week or \$35,568 annually for a full-time worker. **If you make less than or \$684 per week or \$35,568 annually as of January 1, 2020, your position will be reclassified as a Professional Non-Exempt employee and will be eligible for overtime pay.**

## KEY POINTS

Based on the new federal FLSA regulations, LSU is required to reclassify your position from exempt to nonexempt status which affects you in a few key ways:

1. You will move from a monthly pay cycle to a bi-weekly pay cycle.
2. Your annual base salary will be converted to an hourly rate by dividing your annual base salary by 2,080.
3. You will now enter your time in Workday to get paid.
4. You will remain **Unclassified** and outside of the Civil Service rules and regulations.
5. Overtime will be paid **1.5x** the regular hourly rate for time worked in excess of 40 hours in an assigned and contiguous workweek. **1.5x** can be substituted for overtime payments allowing that certain criteria is met.
6. You will now be eligible for overtime pay and subject to your department’s internal procedures for working overtime and compensatory time. Overtime and compensatory time **must be approved by the supervisor in advance of hours being worked.**

## HISTORY

FLSA, or the **Fair Labor Standards Act**, establishes minimum wage, overtime pay, record keeping and youth employment standards affecting employees in the private sector and in federal, state, and local governments. On May 18, 2016, President Obama and Secretary Perez signed a Presidential Memorandum directing the Department of Labor to update the regulations defining which workers are protected by the FLSA’s minimum wage and overtime standards. However, the US District Court for Eastern District of Texas granted an injunction prohibiting implementation and enforcement of the proposed rule on the grounds that the USDOL had exceeded its rule making authority. On September 24, 2019, the USDOL issued its long-awaited proposed rule that would increase the minimum salary threshold to qualify for exemption from the overtime provisions of the FLSA from their current level of \$455 per week (\$23,660 annually) to \$684 per week (\$35,568 annually). The transition of employees from a monthly pay schedule to an hourly schedule is not a result of Workday, but rather a means to allow LSU to remain compliant with federal regulations.

<b>December 23, 2019</b>	The final paycheck received for pay period December 1 through December 20
<b>December 21, 2019</b>	Transition to hourly/wage – begin entering time in Workday
<b>January 1, 2020</b>	New FLSA designation for non-exempt effective at LSU
<b>January 10, 2020</b>	First biweekly paycheck for the pay period December 21 through January 3 (2 weeks)
<b>February 7, 2020</b>	Third biweekly paycheck for the pay period January 18 through January 31 (2 weeks)
<b>February 21, 2020</b>	Fourth biweekly paycheck for the pay period February 1 through February 14 (2 weeks)
<b>March 6, 2020</b>	For the pay period February 15 to February 28 (2 weeks)

The initial transition to bi-weekly pay could affect your personal finances. Please review and if necessary modify any recurring fixed dollar payroll deductions, state and federal withholdings, direct deposit payroll elections, automatic bill payments or transfers to ensure a smooth transition from a monthly to a bi-weekly pay schedule.

## HOW THIS WILL AFFECT YOUR BENEFITS

Most of your payroll deductions will be automatically converted to a bi-weekly schedule by the university, but only you can adjust others. Deductions for medical, dental, vision, retirement plans and financial protection plans such as Life Insurance, Long Term Disability, Accident Protection, Flexible Spending Accounts, etc. will be automatically recalculated for you. All of the insurance deductions will be deducted from your two bi-weekly paychecks each month. For the two months during the year the bi-weekly pay schedule contains three paychecks, and insurance deductions are not taken from the third paycheck.

However, adjustments will need to be made to the amounts you have set up per paycheck for any **Supplemental Retirement Plans**. Supplemental Retirement Plans are amounts you have set up to be taken from each pay check, so to avoid too much coming out of each paycheck, you will need to modify the amount per paycheck.



For example, if you contribute \$400/month (or per paycheck) to a 403(b), Roth 403(b), 457(b), or Roth 457(b) plans, if no changes are made to adjust payroll deductions, your contribution will become \$800/month (\$400 per bi-weekly pay check) for months with two bi-weekly pay dates.

To convert your monthly contribution to bi-weekly contributions:

1. Calculate how much you are contributing on an annual basis (400 x 12 months = \$4800)
2. Divide the annual amount by 26, the total number of paychecks you will receive in a year (\$4800/ 26= \$184.62).
3. \$184.62 should be taken out of each bi-weekly paycheck to equal the \$400 monthly contribution.

To change your contributions:

1. Changes to 403(b) & Roth 403(b) plans can be made through [www.myretirementmanager.com](http://www.myretirementmanager.com)
  - a. The deadline for Retirement Manager is December 28<sup>th</sup>, 2019 for wage cycle 12/21-1/3
2. Changes to 457(b) & Roth 457(b) plans can be made in Empower, <https://louisianadcpretire.gwrs.com>
  - a. The effective date for requested change of deferred comp must be between December 21<sup>st</sup> and January 3<sup>rd</sup>.

**EMPLOYEE CHECKLIST**

Some of your payroll deductions will be automatically converted to a bi-weekly schedule by the university, but only you can adjust others. Please submit any changes by December 23<sup>rd</sup>, 2019 to ensure your deductions are in place for your first bi-weekly paycheck on January 10<sup>th</sup>, 2020. More information about deductions can be found below.



**Federal and State Taxes**

Federal and State Taxes are withheld from every paycheck. Any tax amount you request to be withheld in addition to the amount withheld based on your allowances, will also be withheld from every paycheck. (Example, if you withhold an extra \$50 per pay that will become \$100 per month for months with two bi-weekly pay dates). To adjust: [Withholding Elections Job Aid](#)

Applies to Me

Action Taken



**Other Fixed Dollar Payroll Deductions**

Any other fixed-dollar payroll deductions that come out of every paycheck (such as athletic ticket purchases, United Way, parking) will be the same amount you contribute in each bi-weekly paycheck unless you make a change. You are advised to review the amount of your contribution and take action if you wish to change the amount.

Applies to Me

Action Taken



**Review Your Finances**

You will be paid on a bi-weekly schedule, so you should make sure that any automatic transactions are still appropriate based on when you will be paid.

For your payroll elections, your pay will continue to go to your listed account(s). Are the amounts correct? (Example, if \$200 per pay goes into savings that would become \$400 a month under a bi-weekly schedule. To adjust, complete the [Direct Deposit Form](#).

If you have automatic bill payments or transfers, check that the timing still works for you.

Applies to Me

Action Taken

## FAQ SECTION- AFFECTED EMPLOYEES

### Q: Can I opt out of this change?

A: An employee and employer cannot agree to waive any of the law's requirements.

### Q: Will I still be considered unclassified/professional?

A: Yes, employees will remain unclassified/professional and outside the Civil Service directions. You will be considered professional, non-exempt employees.

### Q: What does non-exempt status mean?

A: Employees whose jobs are governed by the FLSA are either "exempt" or "nonexempt." Nonexempt employees are entitled to overtime pay. Exempt employees are not.

### Q: Will I still be paid monthly?

A: No, you will move to a bi-weekly payroll. Your last monthly paycheck will be on December 23<sup>rd</sup>, 2019, and will include the pay for December 1<sup>st</sup>-December 20<sup>th</sup>. Pay for December 21<sup>st</sup>-December 31<sup>st</sup> will be paid with the first bi-weekly check on January 1<sup>st</sup>, 2020. This is the [Payroll Wage Schedule](#).

### Q: Will I still be paid as an annual salary?

A: No, employees earning less than \$35,568 per year must have their annual base salaries converted to an hourly rate by dividing their annual base salary by 2080.

### Q: Does my hourly payrate include stipends, allowances, or additional compensation?

A: No, the official hourly rate does not include stipends for telephones, expense reimbursements, clothing allowances, benefits, additional compensation, supplemental compensation, etc.

### Q: How will I keep track of my time?

A: You will be required to enter your time in Workday. View the online [job aids](#) and [videos](#) to learn how to enter time into Workday.

### Q: Is considered a demotion?

A: No, the transition from exempt to nonexempt is necessary to comply with federal regulations, therefore in no way should this change be considered a demotion. This change will not adversely affect the actual or perceived value of an employee's work or the importance of their contributions to LSU.

### Q: Will switching from exempt to nonexempt impact my annual and sick leave accruals?

A: No, it will not impact your annual and sick leave accruals. You will continue to accrue on the monthly unclassified schedule.

### Q: Will switching from exempt to nonexempt impact my benefit elections and retirement plans?

A: No, your benefit eligibility and retirement enrollment will not be effected. However, you may need to make adjustments to how much you have set up to contribute per paycheck to supplemental retirement elections.

### Q: What happens if I work more than 40 hours per week?

A: Any hours worked in excess of 40 hours per week must be paid at the rate of 1.5 times your regular hourly rate.

**Q: Can I work overtime and tell my supervisor later?**

**A:** No, employees should have overtime approved by their supervisor in advance.

**Q: What happens if I take time off during the week?**

**A:** Time off does not count towards the 40 hours. This includes annual leave, sick leave, jury duty, military leave, unpaid leave, etc.

**Q: Do breaks count towards the 40 hours?**

**A:** No, breaks, including lunch breaks, do not count toward the 40 hours.

**Q: Does commute time count towards the 40 hours?**

**A:** No, commute time does not count towards the 40 hours.

**Q: Can I receive compensatory time in place of overtime?**

**A:** Yes, but it must be documented in writing, approved by your supervisor in advance, and you must agree to it in advance.

**Q: Will I receive one hour of comp time for one hour of work time?**

**A:** No, you will receive 1.5 hours of compensatory time for each hour worked in excess of 40 hours.

**Q: What happens to my compensatory time upon termination of employment?**

**A:** Employees must be paid for all accrued compensatory time, regardless of the reason for termination.

**Q: Can I save my compensatory time?**

**A:** Compensatory time should be used in a reasonable amount of time following its accumulation.

**Q: Where can I get more information?**

**A:** Complete information is available on LSU's [HRM website](#), on the [Department of Labor's Wage and Hour Division](#). Please contact [hr@lsu.edu](mailto:hr@lsu.edu) with any additional questions.

**RESOURCES**

U.S. Department of Labor: Wage and Hour Division

[Final Rule: Overtime](#)

U.S. Department of Labor

[Fact Sheet](#)

US Department of Labor Guidance for Higher Education

[Fact Sheet](#)

[Guidance for Higher Education Employers](#)

Training on how to enter time:

[www.lsu.edu/workday/employee](http://www.lsu.edu/workday/employee)