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UNIVERSITY HUMAN RESOURCES

To: Deans, Directors and Department Heads  
From: University Human Resources  
Subject: Update on Fair Labor Standards Act (FLSA) Changes

As a follow-up to our update in May 2016, the university FLSA committee has been preparing for implementation of the Department of Labor's (DOL) modifications to the overtime exemptions that will become effective on December 1, 2016. Over 2,600 University employees who traditionally have been classified as salaried exempt employees (not eligible for overtime pay) will now become eligible for overtime pay. Because neither the DOL nor the courts have provided clear guidance on many of the issues created by those modifications, the University has been reviewing the federal wage and hour regulations and conferring with various internal and external sources in an effort to determine how best to adhere to and implement those changes. As a result of that review, the University will be using an overtime calculation method different than we had originally planned.

The University has decided it is best to utilize the option to continue to pay those employees who are affected by these changes on a salaried basis after December 1, 2016 and to compensate them at the rate of one and one-half (1½) times their regular rate of pay for all overtime hours. Recognizing the impact that this may have on units, the University is continuing to consider potential ways of minimizing that impact through developing policies on approval to work overtime and sick and vacation time usage for this group of employees.

During this time, we also encourage Colleges/Administrative Units to think of ways to minimize the financial impact of potential overtime in your area, such as restructuring work, shifting responsibilities, redefining jobs, etc.

We appreciate your patience as we continue to review and assess our compliance requirements. If you have any questions, please contact:

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