FLSA OVERTIME RULE CHANGES 2024

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MARSHALL

HUMAN RESOURCES

OBJECTIVES & KEYPOINTS

FLSA CHANGES 2024

EMPLOYEE EVALUATION

MU PLAN OF ACTION

FOLLOWING HOURLY EMPLOYEE RULES

PENALTIES

FAIR LABOR STANDARDS ACT (FLSA)

❖ FLSA - First enacted in 1938, established tests that must be met in order for an employee to be exempt from overtime pay eligibility.

❖ Tests/Rules for classifying covered employees as "exempt" or "nonexempt"

❖ Requires overtime compensation to **nonexempt** employees for all hours over 40 in a workweek

   ❖ Usually 1.5 times regular pay rate – Government Agencies can award Compensatory Time.

What are the 2024 Overtime Changes?

❖ Raised minimum salary required for employee to be classified as exempt from overtime

❖ Raising the "standard salary level" from the currently enforced level of $684 per week to $1,128 per week (equivalent to $58,656 per year for a full-year worker);

❖ Raising the total annual compensation requirement for "highly compensated employees" from the currently enforced level of $107,432 per year to $151,168.

The final rule is effective on July 1, 2024, and on January 1, 2025.

HOW DOES THIS CHANGE IMPACT MARSHALL UNIVERSITY?

INCREASED nonexempt/HOURLY (overtime eligible) employees

MANAGERS will have to manage overtime more closely. Overtime will need to be approved and budgeted in advance.

EMPLOYEES converted from Exempt to Hourly will have to be paid for all hours worked over 40 in the work week. This may also include compensatory time.

Checking email and doing work outside of the normal work schedule will change the way these converted employees accomplish the "day to day" work after **July 1, 2024.**

HOW DOES THIS CHANGE IMPACT MARSHALL UNIVERSITY?

Converted Employees are now eligible for overtime

They must track hours worked in TimeClock Plus

Clock in & out, Track all hours worked, observe start/stop times, observe meal & break periods.

Overtime for work over 40 hours per week

Employee Classifications NOT Effected by this change...

❖ **Teaching Faculty** (Adjuncts, Full Time, Tenured, Instructional)

❖ **Graduate Assistants**

❖ **Resident Assistants**

❖ **Faculty Coach** (recruiters only are affected)

❖ **Nonexempt employees** (Hourly Employees)

Employee Classifications IMPACTED by this change...

❖ Current Exempt employees who are paid under $58,656 annually and fall within one or more of the effected classifications.

❖ Current Exempt Employees who are paid over $58,656 annually will be reviewed under the duties test and may be converted to non-exempt.

❖ Non-teaching faculty
- Researchers
- Librarians
- Administrators

CAN EMPLOYEES MAINTAIN AN EXEMPT CLASSIFICATION...

In order for exempt employees to maintain an exemption status they must meet both the "salary" & "duties" test.

Duties Test - the employee's job duties must primarily involve executive, administrative, professional, computer or outside sales duties (also known as "EAP" or "white collar" duties).

Salary Basis/level Test - the employee must be paid a predetermined and fixed salary that is not subject to reduction because of variations in the quality or quantity of work performed.

Under the "salary" test, the employee must be paid $58,656 or more annually.

CAN EMPLOYEES MAINTAIN AN EXEMPT CLASSIFICATION...CONTINUED

Must Complete the Request for Exempt Status Packet and Obtain Senior VP and SHC committee approval.

Applies to "all" employees within the "position classification."

NUMBER OF EMPLOYEES IMPACTED

315 Current Exempt Employees with Salaries under $58,656.

MAIN AREAS OF CONCERN

Recruitment	Housing & Residence Life	Athletics	Student Affairs

PLAN OF ACTION...

Provide Leaders with a list of all exempt jobs in question

<u>Default</u> "convert all jobs to HOURLY" (Non-Exempt)

Notify employees and supervisors of classification changes.

Provide instructions to VP's to Justify a Change in Status by completing the exempt packet for review by the Strategic Hiring Committee.

Train Managers and Employees

PLAN OF ACTION...CONTINUED

Increase

Increase employee salary to $58,656 to avoid higher salary cost due to the inability to avoid overtime.

Limit

Limit employee to working 37.5 hours per week and/or paying some overtime but annual salary remains under $58,656.

Hire

Hire additional employees to offset overtime and avoid increasing salary to $58,656. Cost of additional hires must still be less than paying the overtime or increasing salaries to satisfy the "salary test".

Manage

Departments must manage overtime and it must be approved in advance.

TIME MANAGEMENT
NON-Exempt Employees

❖ All hours over 40 in the workweek are eligible for 1.5 times salary or compensatory time paid.

❖ All hours over 37.5 in the workweek are eligible for 1.0 times salary or compensatory time paid.

❖ The current workweek is Saturday through Friday.

❖ Employee can't voluntarily opt-out of getting overtime compensation

❖ Will discipline repeat offender who work overtime without approval after receiving notification

❖ Managers are responsible to ensure employees are working as directed & reporting time properly

MANAGE OVERTIME
NON-Exempt Employees

Establish procedures and Expectations

1. Overtime approval processes

2. Rules for working and tracking working outside of normal workday.

3. Flex Time – may be used to avoid accruing overtime (within workweek)

4. Overtime Compensatory Leave – May be used to reduce overtime costs

5. "Unauthorized" work performed (with or without Supervisor's knowledge)

6. Employee arrives early to work & begins working

7. Meal time if an employee is not "free" from work duties

TRAVEL
NON-Exempt Employees

❖ Employees who travel during the workday must be paid.

❖ Employees must be paid for time spent working regardless of location or time of day. Includes after hours work from home/hotel (emails/texts/calls)

NOT PAID

❖ Regular travel to and from work

❖ "Downtime" while away from home

❖ Time spent as a "common carrier" passenger after working hours

QUESTIONS