PAYMENT OF OVERTIME UNDER THE FLSA

Debra Smith
Compensation Director
HR Rep Meeting
June 7, 2016
FLSA Background

- Became law in 1938
- Administered by the DOL
- Most recent update in 2004

- Provides for:
  - Minimum wage
  - Overtime pay (time & a half)
  - Recordkeeping
  - Child Labor Standards

- Exemption from overtime requires:
  - Salary basis test
  - Salary level test
  - Duties test

- Salary level hasn’t kept pace with inflation
- Update to regulations to ensure FLSA’s overtime protections are fully implemented
- Concern that workers the regulation was intended to help are not eligible for overtime (i.e. mid-level managers)
- Emory must comply with federal regulation
Provisions of Final Rule

- Increases exempt salary threshold from $23,660/year to $47,476/year
- Automatic increases to these thresholds will occur every three years, beginning January 1, 2020
- DOL effective date of final rule: December 1, 2016
- Extends overtime pay to over 4 million workers in first year, nationwide
Impact at Emory University

• Over 1,000 employees will become eligible for overtime (time and a half) for hours worked over 40 in a workweek
• Most staff, non-instructor faculty equivalent and some post-doc employees are subject to the regulation (TBD)
• Some job classifications will move from exempt to non-exempt
• Some employees will become overtime eligible even if salary is above $47,476 if job classification is made non-exempt
Next Steps

- Collaborate with the OGC and HR leaders whose schools/units are impacted to confirm final list of impacted jobs
- Determine Emory University implementation date
- Provide updated reports to HR leaders with communication materials
- Schedule group meetings with HR leaders to review implementation process
What You Need To Know

- Human Resources will provide resources and communication materials to facilitate the implementation process
- FLSA website is accessible from HR’s home page [http://www.hr.emory.edu/eu/flsa-changes/index.html](http://www.hr.emory.edu/eu/flsa-changes/index.html)
- Periodically, updates will be provided in News You Can Use and The Emory Report
- Assure employees they will be notified well in advance of effective date if moving to non-exempt
Questions?