

## **Important Information**

### **2016 Fair Labor Standards Act (FLSA) Changes**

#### **Changes**

The US Department of Labor (DOL)'s Wage and Hour Division (WHD) announced new revisions to the Fair Labor Standards Act (FLSA) on May 18, 2016. The "Final Rule" updates the minimum salary threshold that an employer must pay for executive, administrative, and professional exemptions from \$23,660 to \$47,476 per year, or from \$455 to \$913 per week. The "Final Rule" also establishes a mechanism for automatically updating the salary and compensation levels every three years, beginning January 1, 2020.

The FLSA changes are key and affect many employee positions across the United States, transitioning those positions from exempt status to non-exempt status (i.e. overtime eligible). The FLSA rule change does not apply to faculty.

#### **Applicable Terms**

- **Exempt:** An exempt employee is paid on a salary basis (a predetermined amount of money for work performed, regardless of the number of hours actually worked) and is not required to track time worked. Exempt positions are not subject to the Fair Labor Standards Act (FLSA) overtime requirements.
  
- **Non-exempt:** A non-exempt employee is paid based on actual hours worked, and is required to track all time worked and be provided compensatory time off in lieu of overtime for time worked in excess of 40 hours in a workweek. Non-exempt positions are subject to the Fair Labor Standards Act (FLSA) overtime requirements.

#### **Timeline**

The required revisions in the Final Rule changes take effect on December 1, 2016. The Final Rule did not change the duties tests, which also can affect the determination of positions that are exempt from overtime.

#### **Next Steps**

Human Resources will be working with the senior level administrators, supervisors and employees whose position classification will be affected by the changes to ensure the College is in full compliance with the FLSA by December 1, 2016.