January 25, 2016

Dear MSU Community,

The Montana Office of the Commissioner of Higher Education (OCHE) will be working with Montana University System (MUS) campuses over the upcoming year to review and update how our non-faculty employee positions are categorized. This effort is important for several reasons and is outlined in the attached letter to campus leaders from Kevin McRae, Deputy Commissioner of Higher Education. I would like to share additional information on one of those reasons: proposed changes to federal overtime regulations that are contributing to the need for, and timing of, this review, as well as how we will be organizing the review on our campus.

In 2015 the U.S. Department of Labor (DOL) issued preliminary guidance on proposed new overtime regulations. DOL is the agency which interprets and enforces the Fair Labor Standards Act (FLSA), the wage and hour laws that cover all sectors of the American workforce. These revised regulations aim to enhance worker protections by updating the criteria defining:

- the type of position/employee **eligible for overtime** ("FLSA non-exempt") and
- the type of position/employee **not eligible for overtime** ("FLSA exempt")

Working with the Office of the Commissioner of Higher Education, Montana State University Human Resources has reviewed the proposed FLSA changes, as well as applicable Montana laws and relevant policies from the MUS. Based on these, MSU Human Resources (HR) has developed a project plan to ensure a thoughtful, systematic approach to preparing for FLSA rule changes. As I mentioned above, this review is for non-faculty positions. However, we welcome faculty input throughout the upcoming process.

Over the upcoming months, HR will carefully work with academic and administrative units to document and review non-faculty positions against proposed FLSA criteria for overtime eligibility and, where necessary, develop specific strategies to revise employment arrangements in accordance with federal and state laws and MUS policy.

A Job Categorization Task Force has been established to ensure:

- active and productive engagement with academic/administrative units
- clear and consistent FLSA classification processes
We anticipate a number of employees currently ineligible for overtime will be re-categorized as "FLSA non-exempt" and become newly eligible for supervisor-approved overtime pay as a result of the proposed FLSA changes. Positions that are re-categorized as overtime eligible may require changes such as their contract/employment type and time entry requirements.

The job categorization and documentation process will start in February and involve:

- creation/revision of position descriptions within new standard templates
- evaluation of position descriptions against a position categorization model representing the array of roles found in higher education
- determination of FLSA status (under proposed new rules) based on position duties and individual pay rates

It is our priority to proceed in a careful and transparent manner during this process, providing you with regular information about the status of proposed changes and our planned response. I am confident that, working together, we will navigate this process in a manner that results in positive outcomes. A dedicated webpage has been set up on the Human Resources website to provide initial reference material, FAQs and Task Force membership.

Please don't hesitate to contact me or Cathy Hasenpflug, Associate Chief Human Resources Officer, if you have additional questions or recommendations.

Sincerely,

Terry Leist
Vice President, Administration and Finance