

Fair Labor Standards Act (FLSA) Employee Information

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Presentation content comes from DoL, CUPA, University of Missouri, MUS sources, and in consultation with MSU's Staff Senate, Professional Council, and FLSA Task Force. Topics covered are intended for general use. Please refer specific questions to Human Resources directly

Agenda

- FLSA Basics
- Summary Guide to Overtime
- Timekeeping
- Summary
- Assistance and Further Information

FLSA Basics

NOTE: The DOL identifies certain job categories, including Teacher, as exempt from FLSA. Most faculty members therefore remain unaffected by the current changes in FLSA regulation.

The information provided here is pertinent to non-faculty positions/employees only.

What is FLSA

The Fair Labor Standards Act (FLSA) is a federal law determining, among other things, whether a **position is eligible for overtime pay**

- An “exempt” position is not eligible for overtime pay
- A “non-exempt” position is eligible and must receive overtime pay at time-and-one-half for any hours worked above 40 hours* in one workweek
- FLSA sets forth:
 - the requirements for minimum wage, overtime pay, recordkeeping, and standards for employing minors
 - categories of employees eligible and ineligible for overtime. Jobs are generally reviewed for exemption eligibility through a series of tests. The requirements of all three tests must be met to be exempt from the overtime provisions of the law:
 - **Salary basis** test (employees must be paid on a salary basis)
 - **Salary threshold** test (employees must be paid a minimum salary)
 - **Duties** test (primary duties must be consistent with standards set by DoL)

*some collective bargaining agreements carry a different stipulation as to when overtime occurs

FLSA and Employment Types

Montana University System employs non-faculty personnel in two general categories depending on several factors, including duties performed and the funding sources.

- **MUS Staff Compensation Plan (MUS SCP)**
 - Within MSU, commonly known as “Classified” or “Staff”
 - *Both* non-exempt and exempt positions exist within the MUS SCP
- **On contract appointment**
 - Within MSU, commonly known as “Professional”
 - Two main contract types – MUS contract and Letter of Appointment (LOA)
 - Only exempt positions are hired on contract

Every employee’s professionalism and distinct contribution to the university mission is highly valued, and individual skill and ability is respected no matter the manner and method of pay

Exempt or non-exempt at MSU

| | Currently as Exempt Employee | Non-Exempt Employee |
|-------------------|--|---|
| Pay Method | <ul style="list-style-type: none"> • Salaried • Receive the same amount of money each month regardless of hours worked | <ul style="list-style-type: none"> • Receive payment each month for work performed above <ul style="list-style-type: none"> • the standard 40-hour* work week (full-time) • or stated FTE (part-time employees) • Hourly rate used to calculate overtime |
| Overtime | <ul style="list-style-type: none"> • Ineligible for overtime | <ul style="list-style-type: none"> • Is eligible for overtime pay for hours worked in excess of 40* hours per week |
| Timesheets | <ul style="list-style-type: none"> • Submits a timesheet every month reporting exception time only (e.g. annual leave, sick leave taken) • Part-time salaried positions must carry appropriate FTE (reporting “extra” hours above stated FTE is not permitted) | <p>Salaried:</p> <ul style="list-style-type: none"> • Submits a timesheet every month reporting exception time (e.g. annual leave, sick leave taken) AND overtime hours worked • Part-time salaried positions must carry appropriate FTE (reporting “extra” hours above stated FTE is not permitted) <p>Hourly:</p> <ul style="list-style-type: none"> • Submits a timesheet every month reporting all hours worked AND hours not worked |
| Contract | <ul style="list-style-type: none"> • May be appointed on MUS contract, Letter of Appointment, or within the MUS Staff Compensation Plan (MUS SCP) | <ul style="list-style-type: none"> • Appointed within the MUS Staff Compensation Plan (MUS SCP) |

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Summary Guide to Overtime

Can employees waive
their right to be
non-exempt?

No, the classification is a legal
designation that cannot be
waived

Overtime

Paying Overtime

- A non-exempt employee must be paid for all hours the s/he is “suffered or permitted to work”
- Work performed in excess of the standard 40 hour* work week is compensable at 1.5 times the regular hourly rate

Approving Overtime

- Employees may not work overtime unless approved in advance, however all hours worked must be compensated whether or not approved
- If an employee believes they must work overtime, they will need the supervisor’s advance written approval
- Supervisors can require overtime when necessary, and departments can also deny or otherwise limit overtime

Recording Overtime

- All overtime hours worked must be recorded and paid appropriately whether or not pre-approved
- Employees cannot work, nor be asked to work, overtime without recording it on the timesheet

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The 40-hour* workweek

- If you are working **multiple jobs** for MSU, your combined hours consolidate to meet the 40 hour* threshold
 - Strong **communications with each supervisor** is encouraged so as to manage overtime and the charges that might be incurred – even by the department hiring you in what appears to be an exempt job
- Under MSU policy, annual leave, sick leave, holiday and military **leave taken** are counted towards the 40 hour* threshold
- Adjusting/staggering **schedules** is permissible in managing overtime

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“Time Worked” can be complicated

Device Use

- There is no expectation that a non-exempt employee will check for messages outside work hours
- Supervisors should set a clear expectations and any action by the employee is compensable

Travel time

- Regular home to work commute is not considered time worked
- Generally, time spent traveling on business is considered time worked when it occurs during the work day
- Out of hours travel is reviewed on a case-by-case basis to determine what is compensable

Incidental contact

- Supervisors should set clear expectations about how employees are to handle out of hours contact, e.g. a customer arriving at the office just as it is closing

Meetings

- Time spent in meetings or trainings is compensable unless four criteria are met
 - Attendance is outside regular work hours, and voluntary; the meeting is not directly job-related, and the employee doesn't perform any productive work during his/her attendance
- “Working lunches” are typically considered work hours, and the provision of food eaten at the meeting does not preclude this

Overtime Alternatives

Comp time instead of overtime pay

- Departments may consider compensatory time off (i.e. “comp time”) at a rate of 1.5 hours in lieu of overtime pay
- Employees/Departments may decline an offer/request of comp time, preferring overtime payment instead
- Comp time must be mutually agreeable to the employee and the university, and be pre-approved in writing
- Comp time earned under the agreement will be reported on the employee’s time sheet
- Comp time used is claimed through the time sheet
- Comp time balances cannot exceed 240 hours (i.e. 160 hours worked) and pay out per relevant policy
- Overtime worked in excess of a balance of 240 hours is reported as overtime on the timesheet and appropriate payment is made

Flex time

- Departments may consider a flex time arrangement at an hour for hour rate in lieu of overtime pay
- Approval of the use of Flex time is at the sole discretion of the supervisor based on the individual needs of the department or work unit
- Must be pre-approved and used within the same working week
- Should not be utilized purely as an alternative to annual or sick leave

Timekeeping

Employee Role Reporting Time

- MSU practices various methods of reporting time, most common of which are web time entry (WTE), and departmental time entry (DTE)
- You must **submit an accurate timesheet** by the submission deadline – 5:00 pm on the last day of every month
- **It is illegal** for overtime hours worked to go unreported or uncompensated, and intentional violations carry serious consequences

Timesheets – Three Types

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Hourly

Non-Exempt

Reports **every hour worked**, including

- Regular hours
- Overtime worked
- Comp time earned
- Holidays worked

... and **hours not worked**, including

- Holidays
- Sick leave
- Leave without pay
- Military leave

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Salaried (Exceptions Only)

Non-Exempt

Reports **only the exceptions** to his/her normal FTE:

- Overtime/comp time
- Holidays worked

...and **hours not worked**, including

- Annual leave
- Sick leave
- Leave without pay
- Military leave

Exempt

Reports only the **hours not worked** (i.e. exceptions to his/her stated FTE) and work schedule, including

- Annual leave
- Sick leave
- Leave without pay
- Military leave

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Faculty

Exempt

Reports only the **hours not worked** during his/her work schedule, including

- Sick leave
- Leave without pay
- Military leave

Supervisors remain responsible for approving leave (annual, sick, military, without pay). Please call Human Resources with any questions in this regard.

Summary

What Does FLSA Mean For Campus?

Supervisor need to-

- ✓ Know their obligations under FLSA
- ✓ Know who is eligible for overtime
- ✓ Know what qualifies as overtime
- ✓ Know when overtime work is really required. Set clear expectations and perhaps change department schedules or behaviors, in order to manage overtime
- ✓ Know and enforce overtime pre-approval process
- ✓ Know resource allocation options and limits on overtime costs

As an employee you have obligations too

- ✓ Know if you are **eligible** for overtime
- ✓ Know what **qualifies** as overtime
- ✓ Know your supervisor's **expectations** with regards to you working overtime
- ✓ Know and practice overtime **pre-approval** process
- ✓ Know your responsibilities under FLSA, for example accurate and timely timesheet submission
- ✓ Know that employees as well as supervisors can **reach out** to HR for assistance in understanding the law

In Summary

- The Fair Labor Standards Act, or FLSA, governs employee types and when and how a position can be considered exempt from overtime
- This law was created to better protect employees
- It is a federal law with which all employers must comply. The entire university system is using the same rules
- All MSU employees are valued, and exempt or non-exempt status is not a reflection of your importance to our organization or your work for the university
- HR is here to help you with any concerns or questions regarding FLSA

Assistance and further information:

- Please email comp-classification@montana.edu with questions regarding FLSA and time-keeping
- Human Resources general information
 - Web <http://www.montana.edu/hr>
 - Tel 994.3651
 - Email humanresources@montana.edu