

# **Fair Labor Standards Act (FLSA) Toolkit for Managers and Supervisors**

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

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

# Summary Guide to Overtime

# 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

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



# The 40-hour\* workweek

- Employees working multiple jobs are considered to consolidate time worked across all jobs to meet the 40 hour\* threshold
- Communication between impacted departments is encouraged so as to manage overtime costs and appropriate charges
- Under MSU policy, annual leave, sick leave, holiday and military leave taken are counted towards the 40 hour\* threshold
- Non-exempt employees working on a university paid holiday may result in overtime at double time and a half. Please consult HR when holidays worked are essential to your unit.

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

# “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

# Managing Overtime

# Supervisor Role Managing Overtime

- ✓ Supervisors should **set clear expectations**, and perhaps change department schedules or behaviors, in order to manage overtime.
- ✓ When overtime is necessary it **should be pre-approved** by the supervisor. However, overtime **must always be paid** whether or not pre-approved.
- ✓ **It is illegal** for overtime hours worked to go unreported or uncompensated, and intentional violations carry serious consequences.

Consider . . .

Adjusting **Who** Works Overtime

Adjusting/staggering **schedules** to avoid Overtime

Stipulating **When** Overtime is Worked

Configuring **How** Overtime hours will be compensated

# 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

# Supervisor Role Approving Time

Regardless of timekeeping method, accurate timesheet approval is

- The responsibility of the immediate supervisor
- A legal obligation under FLSA, with serious consequences for intentional violation
- Due for completion by noon on the first business day of the month

Human Resources offers

- Standard documentation through which to record
  - Supervisor pre-approval to work overtime/additional hours
  - Employee acknowledgement of compensatory time in lieu of payment for overtime/additional hours worked

*Use of these forms is optional, departments may develop their own records*

- Identification of employee's FLSA status (exempt and non-exempt)
- Assistance in all aspects of FLSA compliance

# Supervisor Role

## Approving Time | Avoiding Issues

- Per timesheet: ensure that
  - Employee submission deadline is met (5pm last day of the month)
  - Overtime and/or comp time have been entered appropriately by non-exempt employees
  - Overtime and/or comp time have NOT been claimed by an exempt employee
  - The correct number of hours are entered on the appropriate day
- Address any inaccuracies with the employee, and return timesheets for employee correction, resubmission, and approval by the final due date (noon on the first business day of the month)



# Timesheets – Three Types

1

## 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

2

## 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

3

## 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.*

## In Summary

# What Does FLSA Mean For You as a Supervisor?

### **Supervisor obligations have not changed; you will need to**

- ✓ Know your obligations under FLSA
- ✓ Know who is eligible for overtime
- ✓ Know what qualifies as overtime
- ✓ Know when overtime work is really required
- ✓ Know and enforce overtime pre-approval process
- ✓ Know resource allocation options to reduce overtime costs
- ✓ Reach out to HR for support as needed

## Assistance and further information:

- Please email [comp-classification@montana.edu](mailto: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](mailto:humanresources@montana.edu)