FLSA Mandatory Changes

Inquiries have been received from Texas Tech employees regarding the new FLSA mandatory changes for the updated salary and compensation levels and who will be affected by this new change. TTUS component institutions have been in communication with administrators from each campus regarding affected employees. Texas Tech will provide additional communication employees, supervisors, and administrators regarding affects to employees and departments. Here is a portion of an article from the United States Department of Labor in regard to this change, the entire article can be read by clicking on this link:

https://www.dol.gov/whd/overtime/final2016/overtime-factsheet.htm

In 2014, President Obama directed the Department of Labor to update and modernize the regulations governing the exemption of executive, administrative, and professional (“EAP”) employees from the minimum wage and overtime pay protections of the Fair Labor Standards Act (“FLSA” or “Act”). The Department published a notice of proposed rulemaking on July 6, 2015, and received more than 270,000 comments. On May 18, 2016, the Department announced that it would publish a Final Rule to update the regulations.
This Final Rule updates the salary level required for exemption to ensure that the FLSA’s intended overtime protections are fully implemented, and to simplify the identification of overtime-protected employees, thus making the EAP exemption easier for employers and workers to understand and apply. Without intervening action by their employers, it extends the right to overtime pay to an estimated 4.2 million workers who are currently exempt. It also strengthens existing overtime protections for 5.7 million additional white collar salaried workers and 3.2 million salaried blue collar workers whose entitlement to overtime pay will no longer rely on the application of the duties test.

**Key Provisions of the Final Rule**

The Final Rule focuses primarily on updating the salary and compensation levels needed for EAP workers to be exempt. Specifically, the Final Rule:

- Sets the standard salary level at the 40th percentile of earnings of full-time salaried workers in the lowest-wage Census Region, currently the South, which is $913 per week or $47,476 annually for a full-year worker;
- Sets the total annual compensation requirement for highly compensated employees (HCE) subject to a minimal duties test to the annual equivalent of the 90th percentile of full-time salaried workers nationally, which is $134,004; and
- Establishes a mechanism for automatically updating the salary and compensation levels every three years to maintain the levels at the above percentiles and to ensure that they continue to provide useful and effective tests for exemption.

Additionally, the Final Rule amends the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10% of the new standard salary level. The Final Rule makes no changes to the duties tests.
End of Fiscal Year Reminders and General Reminders

**Vacation Leave Roll**

The end of the 2015-2016 fiscal year is coming to close on August 31, 2016 and this is a reminder to all employees and departments to plan vacation time off to reduce your vacation balance to avoid those hours in excess of the maximum allowed to roll to sick time. Texas Tech System and Texas Tech University employees can refer to OP 70.45 Vacation Leave, and Texas Tech University Health Sciences Center employees can refer to OP 70.01 Leave of Absence to view the maximum allowed vacation hours to carry over each fiscal year.

**Faculty 12 Month Deferred (Salary Spread) Pay Forms**

For TTU employees only, faculty members who are currently on a salary spread for the prior fiscal year, 2015-2016, will automatically be re-enrolled for a salary spread on their same eligible 9 month faculty position. No action is required. If a faculty member is moving to a new eligible 9 month faculty position, a new Faculty 12 Month Deferred Pay Form will need to be submitted. New 9 month faculty members who would like to have their 9 month salary spread over 12 months, will need to fill out the form and submit it to Payroll & Tax Services by September 15, 2016 to be effective for the new fiscal year 2016-2017. Any eligible 9 month employee who does not submit the Faculty 12 Month Deferred Pay Form by the deadline will **not** be on a salary spread for the 2016-2017 fiscal year. The form can be found on our payroll website at [www.payroll.ttu.edu](http://www.payroll.ttu.edu) under forms.
**Insurance Benefits**

This is a general reminder to all departments, when submitting an ENJOB ePAF on an employee, this does not terminate employment nor insurance benefits on the employee. Departments are responsible for insurance premiums (both employee and employer portions) if an ENJOB ePAF is submitted instead of a TERMI (termination) ePAF, and the insurance remains active for the employee. Again, the department will be **fully** responsible for all months of insurance coverage when coverage is active. If an employee is not expected to return back to work, a TERMI (termination) ePAF should be submitted. In addition, a 9 month employee who does not have a summer appointment and therefore did not have any summer pre-deductions, will be billed for their insurance premiums. If premiums are not paid by the due date, all dependents will be dropped from their health insurance coverage and all optional insurance coverages will be cancelled. The employee will not be able to re-enroll in cancelled coverages until open enrollment with a coverage effective date of 9/1/16 unless they have a qualifying life event.

* Please be aware that it is extremely important for employees to review their earnings statement each pay period, especially when electing insurance coverage. This will verify that the correct amounts and options are being deducted from each paycheck.

**Review Summer Appointments**

For TTU employees only, this is a general reminder to departments and employees to verify summer appointments, salary is correct, and the employee should actually be receiving payment. It is the responsibility of both the employee and department to verify appointment is correct. Each year, there are employees overpaid during the summer months due to incorrect salary appointments. Employees and departments can refer to OP 69.10 Payroll Overpayment Policy for the process when an overpayment is discovered. It is extremely important to catch these early to avoid any issues from a budgeting standpoint for the department and to avoid an incorrect Form W2 issued to an employee. Employees are encouraged to view their online earnings statement after each payment received to verify all salaries and deductions are correct. Departments are encouraged to run their payroll registers and cognos reports to verify payments to employees are correct.
**Electronic One-Time Payment System (EOPS)**

EOPS is a payment method used to pay employees for unusual tasks or short projects.

Once an EOPS is submitted the originator can keep track of it with the Approval Tracking System. Email notices are generated to advise approvers and originators of pending and required actions. The following emails are generated by the Approval Tracking System.

1) Notice to the approver informing them of a pending EOPS.

2) Notice to the originator informing them of a rejection, approval, or expiration.

3) Notice to the originator and recipient informing them of a scheduled pay date after it is fully approved and uploaded to the correct on-cycle payroll based on the work performed dates.

<table>
<thead>
<tr>
<th>Employee Classification</th>
<th>Approval Deadline (HAS TO BE FULLY APPROVED)</th>
<th>Pay Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semi-Monthly Employee Pay Period 1st — 15th</td>
<td>One day after the last day of the pay period</td>
<td>On their 25th pay day check</td>
</tr>
<tr>
<td>Semi-Monthly Employees Pay Period 16th — EOM</td>
<td>One day after the last day of the pay period</td>
<td>On their 10th pay day check</td>
</tr>
<tr>
<td>Monthly Employees</td>
<td>The 18th of each month</td>
<td>On their monthly check paid on the 1st working day of the month</td>
</tr>
</tbody>
</table>

The work performed dates on an EOPS form have to be completed and the EOPS has to be fully approved before an employee will be paid. Reference the following examples:

**Example 1: John Smith is a semi-monthly employee. His work performed dates are November 1, 2015 - February 15, 2016. His EOPS was fully approved by February 16, 2016. John will be paid on his February 25, 2016 paycheck.**

**Example 2: John Smith is a semi-monthly employee. His work performed dates are November 1, 2015 - January 20, 2016. His EOPS was fully approved on January 18, 2016. Since his work performed date crosses into the next scheduled pay period, John will be paid on his February 10, 2016 paycheck.**

**Example 3: Jane Smith is a monthly employee. Her work performed dates are September 1, 2016 - December 31, 2016. Her EOPS was approved on November 1, 2016. Since the work performed ended December 31, 2016, she will be paid on her January 2, 2017 paycheck.**

Payroll Calendar For July & August

<table>
<thead>
<tr>
<th>Payroll ID and Number</th>
<th>Payroll Dates</th>
<th>Pay Period Total Hours</th>
<th>PAYDAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM 14</td>
<td>July 1\textsuperscript{st}-15\textsuperscript{th}</td>
<td>88 Hours</td>
<td>July 25, 2016</td>
</tr>
<tr>
<td>SM 15</td>
<td>July 16\textsuperscript{th}-31\textsuperscript{st}</td>
<td>80 Hours</td>
<td>August 10, 2016</td>
</tr>
<tr>
<td>MN 8</td>
<td>July 1\textsuperscript{st}-31\textsuperscript{st}</td>
<td></td>
<td>August 1, 2016</td>
</tr>
<tr>
<td>SM 16</td>
<td>August 1\textsuperscript{st}-15\textsuperscript{th}</td>
<td>88 Hours</td>
<td>August 25, 2016</td>
</tr>
<tr>
<td>SM 17</td>
<td>August 16\textsuperscript{th}-31\textsuperscript{st}</td>
<td>96 Hours</td>
<td>September 9, 2016</td>
</tr>
<tr>
<td>MN 9</td>
<td>August 1\textsuperscript{st}-31\textsuperscript{st}</td>
<td></td>
<td>September 1, 2016</td>
</tr>
</tbody>
</table>

All cutoff dates and deadlines can be found on the Department End User Calendars.

July 4, 2016 is the only scheduled holiday for Texas Tech employees in July. For those benefits eligible employees, please report the correct HOL hours on your Web Time Entry Timesheet for this day only. Refer to TTU OP 70.42 Holidays, or TTUHSC OP 70.06, Employee Working Hours and Holidays, for more information regarding state agency holidays.