MEMORANDUM

To: Deans, Vice Presidents/Provosts, and Major Unit Heads

From: G. P. "Bud" Peterson, President

Date: August 30, 2016

Re: 2016 Fair Labor Standards Act Rule Implementation

In June 2015, the U.S. Department of Labor announced a proposed rule change to the Fair Labor Standards Act (FLSA) that would extend overtime protections to nearly 5,000,000 workers within the first year of its implementation. In the intervening time, we monitored the progress of the proposed rule change to ensure the Institute would be prepared. The Final Rule Set was announced on May 18, 2016.

The FLSA Final Rule Set outlines a number of significant changes to parameters required for an employee to be considered exempt from overtime. Most notably, these include an increase in the minimum salary threshold, from $23,660 annually to $47,476 annually. In addition, to the new standard salary level, it establishes a mechanism for automatically updating levels going forward.

The new guidelines mandate implementation of the 2016 FLSA Final Rule Set by December 1, 2016. We here at Georgia Tech are committed to a smooth transition as part of promoting healthy work-life integration for all of our employees. In the next few weeks, Georgia Tech Human Resources (GTHR) will hold a series of meetings with unit leadership teams across campus to share the list of job titles and individuals who will be required to convert from exempt to non-exempt and hence to overtime-eligible status.

We have carefully reviewed job titles, position descriptions and salary levels for all positions and identified those positions for which changes are required by the new FLSA Final Rule Set. These decisions have been governed by adherence to federal law; University System of Georgia guidelines; and detailed recommendations from GTHR.

As a result of our analysis, 949 of Georgia Tech's employees in 189 titles will experience a shift from exempt (salaried) to non-exempt (hourly) to comply with U.S. Department of Labor regulations and provide employees with the wage and hour protection afforded by the legislation. Alternatively, some employees (primarily post-docs) will experience an increase in salary in order to move them to above the new federal salary threshold.

To facilitate these changes, the Institute will take a strategic pause on job reclassifications, temporarily freezing all incumbent position/job title changes until February 28, 2017. Please refrain from making assurances about possible role/salary changes at the conclusion of the freeze. Georgia Tech has also outlined an appeals process should a campus unit desire review.
of a role's exemption status. To initiate this process, contact Georgia Tech Human Resource's compensation team. GTHR will escalate review if necessary. The position in question must remain in its current exemption status until the review is complete.

Many jobs in higher education do not lend themselves to hourly work, and Georgia Tech is full of people who do the work that needs to be done, until it is done. This is testament to the dedication of our employees and the value they deliver to the Institute and its students. This change in no way reflects adversely on the significance of our employees' work or the importance of their contributions to Georgia Tech.

Georgia Tech's managers, in conjunction with their local human resources representatives, should have conversations with all affected employees to communicate these changes. Georgia Tech Human Resources is committed to informing and training the campus community about FLSA implementation and the many roles involved, and detailed information for managers and employees is forthcoming and will be provided to campus units. GTHR will continue to make information available at www.ohr.gatech.edu/flsa.

Understanding that a significant number of our employees will be impacted by this FLSA implementation, the Office of Information Technology and GTHR have developed a new online, time-keeping system. A phased implementation of the new system, Tech Time, will begin the process of ushering out paper time-keeping forms for hourly, bi-weekly paid employees.

FLSA Implementation Timeline:

October 17, 2016 – Converted employee population begins reporting time as non-exempt (hourly).
October 31, 2016 – Last partial monthly check for new FLSA non-exempt population.
November 4, 2016 – First bi-weekly check for new FLSA non-exempt population.
December 1, 2016 – Increases processed for exempt employees moved to new salary threshold.

December 1, 2016 – Federal Compliance Deadline.
December 23, 2016 – Last check of calendar year for monthly (salaried) and bi-weekly (hourly) employees.