

HR TOPICS FOR MANAGERS

FAIR LABOR STANDARDS ACT
POLICY UPDATE
OCTOBER 6, 2016

CREATING THE NEXT®

AGENDA



- Welcome
- Team introductions
- FLSA
 - Where we are now
 - Session feedback
 - Myths
 - Policy Review
 - Tool Kit
- Next steps
- Employee Assistance Program
- Questions

WHERE WE ARE NOW



- **GTHR has met with campus units and employees converting to non-exempt have been notified.**
 - Widespread campus communications
 - GTHR FLSA website
 - Employee guidelines
 - FAQs
- **Manager and employee information sessions conducted (including webinars):**
 - Five (5) employee sessions = 303 people
 - Seven (7) manager sessions = 338 people

SESSION FEEDBACK



During FLSA information sessions, we solicited feedback from individuals transitioning to non-exempt and managers:

Employee Fears (6 sessions = 303 people)

- Being broke/Not making rent/Blowing up my budget
- This feels like a demotion (loss of job responsibility)
- Time reporting
- Pay differential
- What if I can't get my work done in 40 hours? Will I lose my job?
- Job reduction potential
- Reduced opportunity to participate in professional development or community activities
- Reduced flexibility with work schedule
- Lack of Institute consistency
- Are Institute processes and systems capable and ready?
- Demoralizing
- Inability to advance
- Fight for overtime and comp time
- Restrictive schedule
- I will now be treated like a "low level clerk."

Manager Fears (7 sessions = 338 people)

- Overtime budget, abuse
- Employees on-call
- Fiscal responsibility
- Conference attendance
- Employee morale and fairness
- Switching back to exempt after conversion
- Travel and professional development

“Non-exempt employees are now communicating and forming a community.”

“Managers will now understand how much work I do.”

“Maybe this will help break the stigma of being non-exempt.”

“It’s about fairness.”

“I’ll be compensated for all the work I do.”

“I’ll have a better work-life balance.”

I’ll get recognition for work and acknowledgement of what it really takes.”

“I can go home at the end of the day.”

“I’ll actually be able to take an uninterrupted lunch!”

FLSA information sessions have unearthed a number of pressing areas for clarification.

1. Managers and leadership have known for a long time who was going to be converted to non-exempt and waited until now to tell me (employee).
2. I have to take vacation time to go to HR.
3. Appeals are being reviewed.
4. Vacation leave is transferable for the Vacation Cash-out.
5. Converting to non-exempt will hurt my retirement savings.
6. Overtime is not allowed at Tech. Compensatory time is mandatory and has to be used in a week. Flex time is the same as comp time.

FLEXTIME, OVERTIME & COMP TIME

Flex Time → When you work.



Overtime

Compensatory
Time

How you are paid for
the work you do.



Policy 8.65 – Flexwork Arrangements

A work schedule with variable arrival, departure and / or lunch times. It is typically designed to enable employees to come in earlier or leave later than the organization's normal hours of operation.

This approach enables the department to ensure necessary office coverage, customer service and staff interactions are maintained during the core hours.

<http://www.policylibrary.gatech.edu/employment/flexwork-arrangements>

OVERTIME



- The overtime rate of compensation is 1.5 times the regular hourly rate for each hour worked over forty (40) hours in a “work week.”
 - (Example: a non-exempt employee works 4 hours of overtime. He/she must receive 6 hours (4 hours worked at 1.5 times the hourly rate) of overtime compensation.)
- Georgia Tech defines the work week as beginning on Thursday at 12:01 a.m. and ending at midnight on the following Wednesday.
- Overtime earnings, including compensatory time, must be calculated for each work week. Hours cannot be averaged over two or more work weeks.
- Is paid out in the respective paycheck for time worked.

COMPENSATORY TIME



Compensatory Time, or “comp time,” is an alternate way of paying for overtime worked. Instead of paying an employee overtime for work done over the time allotted in the normal work week, an employee’s department can allow **one hour and a half of time off** for each hour of overtime worked.

- Should not be confused with flexible work arrangements (or “flexwork arrangements”).
- Supervisors, with departmental approval, may grant compensatory time instead of overtime pay to non-exempt employees. The choice of compensatory time must be made in advance and documented by an agreement between the supervisor and employee.
- Approved compensatory time is subject to a 240-hour maximum accumulation. Employees are required to use accrued compensatory time prior to using other leave (including vacation and/or sick).
- Employees who have reached the compensatory time maximum must receive a cash payment for any additional overtime. Additionally, all compensatory time balances on record as of the last full pay period of the fiscal year must be paid out as well. Such payment shall be at the employee’s regular earnings rate at the time the payment is made.
- Employees terminating from the Institution or transferring to a new department will receive a compensatory time payoff from the department in which they earned the compensatory time. The payoff will be calculated based on the employee's current rate of pay.

Revisions to Georgia Tech's current FLSA policy are necessary to further clarify intent of the law and enhance Institute consistency in application and practice. Primary changes include:

1. Clearly defined working categories of overtime, compensatory time, flex time.
2. Distinct break and meal time guidance for non-exempt workers.
3. Clarification on comp time and rules around exercising the option.
4. Unequivocally states that working off the clock or being asked to work off the clock are in violation of policy and gives path for reporting.

FINANCIAL RESOURCES FOR EMPLOYEES



To mitigate impact of the bi-weekly payroll lag for employees, GTHR is building a financial tool-kit:

Vacation Cash-out

- One-time opportunity ONLY for employees converted to non-exempt as part of FLSA transition.
- Employees may cash out up to 56 hours of accrued vacation leave.
- Cash out may be requested any time between October 17, 2016 and June 8, 2017.
- Employees will not be able to buy back hours.
- Employees must have sufficient vacation hours accrued at time of request to cover the requested cash out. Employees cannot borrow against time not yet earned or use sick leave.
- The “cash out” will be paid on the employee’s next regularly scheduled on-cycle payroll after approval of application.

Other Resources

- Parking deduction delay
- Loan option
- Overtime

NOTE: The cash out is taxed at a higher rate than typical pay, meaning possible taxable rates totaling up to 38.65%.

RESOURCES

- GTHR FLSA website: www.ohr.gatech.edu/flsa
- Georgia Tech FLSA Policy: www.policylibrary.gatech.edu/employment/fair-labor-standards-act (Policy 4.9)
- U.S. Department of Labor: www.dol.gov/whd/flsa



GTHR'S NEXT STEPS



1. Campus email – sent Oct. 5.
2. Letter mailed to impacted employees – week of Oct. 10.
3. FLSA exemption appeals process opens March 1, 2017.
4. Comprehensive recalibration of Georgia Tech position descriptions launches February 1, 2017.
5. Next HR Topics for Managers tentatively scheduled for early December. Topic will be performance and employee relations.

EMPLOYEE ASSISTANCE PROGRAM

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Contact the EAP

Call EAP Consultants, LLC at:

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