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“I hereby direct you to propose revisions to modernize and streamline the existing overtime regulations. In doing so, you shall consider how the regulations could be revised to update existing protections consistent with the intent of the Act; address the changing nature of the workplace; and simplify the regulations to make them easier for both workers and businesses to understand and apply.”

What is the FLSA?

The **Fair Labor Standards Act**, or the **FLSA**,

- Establishes requirements for minimum wage and overtime pay.
- Imposes various restrictions on record keeping and,
- The employment of minors.

What does it mean to be exempt?

An exempt employee is one that is not covered under the FLSA and the employer is not required to comply with the minimum wage and overtime requirements of the FLSA.

Who is covered by FLSA?

- **Enterprise Coverage:** Any business that has an annual dollar volume or sales or business done of at least \$500,000 or certain industries
- **Individual coverage:** All employees are covered by FLSA if they are:
 - Engaged in interstate commerce,
 - Producing goods for interstate commerce, or
 - Handling, selling, or otherwise working on goods or materials that have been moved in, or produced for such commerce by any person

New provisions affect employees exempt from FLSA under one of these white collar exemptions:

- Executive
- Administrative
- Learned Professional
- Computer Employees
- Highly Compensated Employees

***Teachers, Lawyers, Doctors & Outside Sales reps have no salary requirement under the white collar exemption therefore they are not subject to the new provision.*



Existing Salary Requirement
\$455.00 weekly
23660.00 Annually

New Salary Requirement
\$913.00 weekly
\$47,476.00 Annually

Wages Under Previous FLSA Threshold		
Hours	Rate	
47	\$	9.68
48	\$	9.48
49	\$	9.29
50	\$	9.10
51	\$	8.92
52	\$	8.75
53	\$	8.58
54	\$	8.43
55	\$	8.27
56	\$	8.13
57	\$	7.98
58	\$	7.84
59	\$	7.71
60	\$	7.58
61	\$	7.46
62	\$	7.34
63	\$	7.22
64	\$	7.11
65	\$	7.00

1 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 (\$913 per week; \$47,476 annually for a full-year worker);

2 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 (\$134,004); and

3 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.

*The effective date of the final rule is
December 1, 2016.*

Knowing the Law

1

- Identify the positions & employees affected
- Raise salary to allow employees to maintain exempt status
- Re-classify as hourly non-exempt

Identify and Decide **2**

THE IMPORTANCE OF ACCURATE HOURS WORKED

EXAMPLES: EMPLOYEE MAKING \$40,000 A YEAR

If you simply calculate hourly wages based on the assumption that the employee is working 40 hours a week, the result for an employee making \$40,000/yr would be \$19.23/hr. Here's why that may not be your best option:

Basic equation

$\$40,000 \text{ divided by } 2,080$
(hours worked in 52 40-hour weeks) = \$19.23/hr.

EXAMPLE: DEANNA MAKES \$40,000 A YEAR

Deanna is a manager currently working 60 hours a week. If she starts getting 20 hours a week of overtime, she'll make over \$70,000 and get a huge pay increase

EXAMPLE: BEVERLY ALSO MAKES \$40,000 A YEAR

Beverly is an efficient executive who always meets her deadlines. She's putting in 30 hours a week. If she's paid by the hour, she'll make \$30,000 and see a significant pay decrease.

Identify and Decide **2**

Wage Compression

*WHAT IS WAGE COMPRESSION?

When the salary floor for a position is increased but the ceiling is not, **wage compression** occurs for a particular position or tier of positions. *For example:* Employee A is new to the company and making \$44,000; Employee B has the same title as Employee A but has been in the position for 2 years and is making \$48,000. The company elects to increase Employee A's salary to the proposed threshold, making their salary nearly equal to that of Employee B. This is wage compression, and should be avoided whenever possible so your more experienced or higher ranking employees feel they are being treated fairly.

Identify and Decide **2**

Equal Pay

consider the effects of giving certain employees raises while others stay at the same rate of pay – even if they are in different job types. For instance, if several male employees received raises to bring their salary up to the new threshold, but a female employee who was already above the threshold did not receive a raise (or even received a pay cut to help balance the books), that could cause considerable trouble, even if only from a morale perspective.

Whenever possible, attempt to classify all employees in a particular job group or position the same way. If this can't be done, document your business reasons for the different classifications.

Identify and Decide **2**

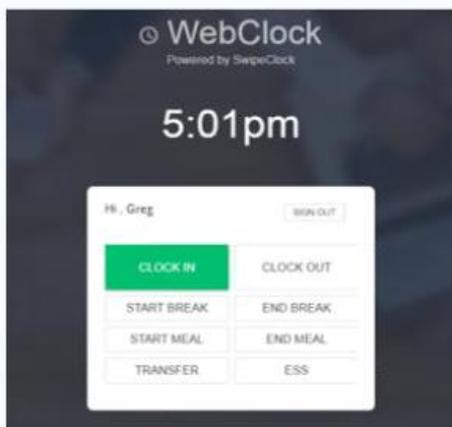
- Develop communication strategy
- Keep in mind potential morale issues
- Review, refine and train on policies
 - Time keeping
 - Off the clock work
 - Meal and rest breaks
 - E-mail/Phone policies
 - “Bring your own device”
 - Bonuses

Implementation & Communication

3

- *Timekeeping*
- *HR Support*
- *Payroll Reports*

Workforce Management Clock



Workforce Management Clock:

- **Employee State Aware** - Eliminate duplicate punches & supervisor hassle
- **Clock Lockout** - Prevent labor cost overruns from early arrivals
- **Quick Actions** - Reduce time at the clock with break, meal & transfer buttons
- **New Punch Types** - Quickly assess employee clock activity on the time card
- **Plus:** All features from Free WebClock



Free WebClock:

- **Current WebClock Functionality**
- **Plus:** Schedule Checks & Attendance Enforcement (with TimeSimplicity)



FLSA Reclassification Letter

[Date]
[Name]
[Street Address]
[City, State ZIP]

Dear [Employee Name],

This letter is to inform you that we have determined that your current classification is no longer appropriate, effective [enter date], at which time your classification will be reclassified. The reason for this change is as follows:

Time Tracking Memo to Employees

This memo is intended to notify you that we will be tracking employee time for the next [two to three] 30-day periods, beginning on [date to start tracking]. This tracking is necessitated by the recent changes to the Fair Labor Standards Act (FLSA) that for an employee to be exempt from overtime, they must make at least one full month to be classified as exempt was \$23,660.

WAGE AND HOUR CHECKLIST

Wage issues are some of the most frequent, expensive and challenging employer compliance problems. Compliant wage practices and classifications are your first and best defense. In order to best withstand a Department of Labor Wage and Hour Division investigation or audit, business owners and HR professionals must understand wage concepts such as the minimum wage and overtime and should be aware of all relevant state and federal wage and hour rules.

Structure of affected employees by December 1st, 2016. This will help us to track employee time; this will help us to track employee time.

Key Takeaways

1. Get all of the information
2. Consider the big picture
3. Communication is key



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Tips and tricks to make sure your accruals are calculating properly and your policies are in compliance

July 29th [HR Tabs](#)

Pay entry comes with an assortment of customizable tabs that can be used to capture HR information. Learn how to customize your account and get reporting to make your job easier

August 26th [Advanced Report Writers](#)

Learn how to use filters and formulas to create census reports with actionable data

September 30th [Year end tips and tricks](#)

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[Timeworks & Timesimplicity Timekeeping and Advanced Scheduling](#)

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[SDP Connect with National Crime Search](#)

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