

Dear Faculty and Staff

In 2014, President Obama directed the Department of Labor (DOL) to update regulations defining which workers are protected by the Fair Labor Standards Act (FLSA's) minimum wage and overtime standards. The final regulations will be released soon with an implementation deadline of 60 to 90 days. I want bring to your attention the regulatory changes and outline how they may affect some of our staff members.

To understand the impact of the new regulations it is important to understand the difference between non-exempt and exempt employees. Positions protected by the FLSA minimum wage and overtime standards are non-exempt positions and eligible for overtime. Exempt positions are not paid overtime when they pass certain tests to qualify for exemption. One of these tests is a minimum salary test. It is this minimum salary test that is central to the regulatory changes.

This regulatory change does not apply to faculty because they are considered teachers under the FLSA and the salary minimum does not apply to teachers.

A position and an incumbent must pass every part of the exemption test. The salary minimum is a fundamental part of the test to help determine eligibility. The final regulations reflect a significant increase in that salary minimum. If a position earns more than the salary minimum and passes all the other parts of the exemption test for their exemption category, the position is exempt from eligibility for overtime pay.

How this affects Pacific employees

Shortly after the release of the final regulations, Human Resources will work with Cabinet members and other managers to evaluate the potential impact. These evaluations will include both the positions currently under the new minimum and positions over the new minimum which need a deeper review with respect to the other parts of the exemption test.

Administrative practices that will change

Non-exempt staff members submit a semi-monthly time sheet. They also use sick or vacation time to offset appointments or time away from work during scheduled hours and will follow the lunch and break time schedule rules. These changes will apply to incumbents currently in positions that are reclassified from exempt to non-exempt. For affected employees that are currently employed, the university will grandfather the current exempt vacation accrual schedule. Other benefits will not change.

Impacts to compensation and classification

Compensation (pay grade) should not change. Pay may go up if overtime is earned. Benefits remain unchanged. This does not affect a position's job classification (pay grade).

Next steps

Employees and supervisors of positions potentially impacted by the new regulations will be contacted directly by Human Resources in the week following the release of the final regulations.

More information is available in an [FAQ](#) posted on the new Managers Resources section under Employment Updates/FLSA Information. You may also contact [Zach Spurlin](#) for more information.

More information about the FLSA exemptions and other Department of Labor Wage and Hour Division topics is available [here](#).