

# Fair Labor Standards Act

## *Manager Toolkit*

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# IMPORTANT CHANGES IN OVERTIME REGULATIONS

On April 23, 2024, the Department of Labor (DOL) approved a new overtime rule under the Fair Labor Standards Act (FLSA) that is set to go into effect July 1, 2024. This new rule will require employers to pay overtime to all employees making less than \$43,888 annually. Additionally, the Department of Labor's rule implements an automatic threshold increase to \$58,656 effective January 1, 2025, and establishes that automatic updates to the threshold will occur every three years.

Louisiana State University (LSU) will proceed with converting all individuals who have a salary below \$43,888 and/or who occupy a position with a position range minimum less than \$43,888, to hourly non-exempt for the July 1 2024, implementation. Due to the bi-weekly pay period beginning on June 29, 2024, the conversion to hourly non-exempt will occur on this date.

Certain employee groups are exempt from the DOL salary test and are not required to meet the new salary threshold; this includes teachers/instructors, coaches, and medical/veterinary residents and interns. These are the only classifications exempt from this proposed overtime rule. Note that there is no proration for part-time workers.

**If an employee makes less than \$43,888 annually and/or occupies a position with a position range minimum less than \$43,888, their position will be reclassified as non-exempt hourly, and they will be eligible for overtime pay effective June 29, 2024, to comply with the July 1, 2024, FLSA regulations.**

## Teaching Exemption Information:

- Classroom instruction and coaching qualifies for the teaching exemption.
- Counseling, admissions, and training are examples of functions that will not be exempt under the teaching exemption.
- The new rules do not affect instructional faculty (tenure track, clinical track and lecturers).
- Research faculty and librarians will be affected if the base salary does not meet the FLSA threshold.

## KEY POINTS FOR DEPARTMENTS

Based on the new federal FLSA regulations, LSU is required to reclassify employees making less than \$844 per week or \$43,888 annually from exempt to non-exempt status, which affects your department in a few important ways:

- 1.** Affected employees will now enter their time in Workday to get paid. Timely manager approval in Workday is required in order for the employee to get paid. Employees can find the payroll schedule that includes when time entry will be locked on the [Payroll Office's website](#).
- 2.** Affected employees will be paid 1.5 times their regular hourly rate for time worked in excess of 40 hours worked in an assigned standard work week (Saturday 12:00 am - Friday 11:59 pm). Compensatory Time can be substituted for overtime payments as outlined in Policy Statement 61.
- 3.** Each department is responsible for the financing of their overtime or compensatory time from their regular budget. Departments should account for their annual overtime needs within the annual budget construction process.
- 4.** Departments should establish and inform each employee, in writing, who is being paid an annual base salary under \$43,888 of their regular work hours, work schedule, and hourly rate. LSU's Office of Human Resource Management (HRM) will provide a standardized template for this communication.
- 5.** Overtime or Compensatory time must be approved by the supervisor in advance of the hours being worked. The supervisor, in a formal manner in advance of any change, must approve work schedule deviations. Deviations from the standard 5-day, 40-hour workweek must be reviewed by HRM in advance to ensure compliance and to gauge budgetary impact.

## MANAGING OVERTIME

Supervisors may need to set new expectations and change department schedules or behaviors in order to manage overtime according to their budgets. Overtime may be necessary, but it must be pre-approved by the employee's supervisor. However, whether or not the overtime was pre-approved, overtime must always be paid. A clearly defined approval process can assist you and your employee(s) in managing both time and budget resources.

### **What are some options for responding to the changes in the salary level?**

- Pay overtime after 40 hours.
- Offer compensatory time in lieu of cash overtime pay, provided it is approved in advance and meets certain criteria.
- Reorganize workloads and/or utilize flexible scheduling within the standard LSU work week beginning Saturday 12:00 am - Friday 11:59 pm.

## USING COMPENSATORY TIME

Compensatory time can be substituted for overtime payments for unclassified, non-exempt employees with the following requirements

- Compensatory time must be credited at the same rate as overtime--1.5 times the hourly rate for time worked in excess of 40 hours.
- Supervisors cannot force a non-exempt employee to forfeit or convert cash overtime into something else, and similarly cannot force a non-exempt employee to forfeit comp time or to convert it to sick time, vacation time, or other paid time off.
- Non-exempt employees must agree beforehand to be compensated with compensatory time instead of cash overtime, either in a memorandum of understanding or other agreement or via some other agreement or understanding arrived at with the employee before the work is performed.
- Compensatory time has a number of distinct rules aligned with it and those rules must be followed. Please refer to [Policy Statement \(PS\) 61](#).
- Managers cannot significantly infringe upon the use of compensatory time by employees. The use of compensatory time by employees subsequent to earning that time must occur in a reasonable time period following its accumulation.

**Non-public safety workers are only allowed to accrue 240 hours of compensatory time.**

## COMPENSATORY TIME AT TERMINATION

Employees must be paid for all accrued compensatory time upon the termination of their employment, regardless of reason.

- The amount paid per hour will be the average of their hourly rate for the last three years of employment or their final hourly rate, whichever is higher.
- The amount of compensatory time accrued will not be counted toward the maximum accumulation of leave at the time of termination.
- Departments will need to finance the payout of compensatory time from within their annual budget.

## RESOURCES

The Office of Human Resource Management (HRM) Time and Absence division is organizing face-to-face Workday time entry help sessions for employees and supervisors impacted by the FLSA changes. Registration is not required to attend.

### **Location:**

LSU Library - Room 232

### **Dates/Times:**

Friday, 7/5/2024 – 9:00 – 10:30 am

Thursday 7/11/2024 – 2:00 – 3:30 pm

Friday 7/12/2024 - 9:00 – 10:30am

Monday 7/15/2024 - 9:00 – 10:30am

U.S. Department of Labor: Wage and Hour Division Final Rule: [Overtime](#)

US Department of Labor Guidance for Higher Education Fact Sheet:  
[Guidance for Higher Education Employers](#)

LSU Employee Overtime Policy: [Policy Statement 61](#)

LSU Flexible Work Hours and Staffing Policy: [Policy Statement 79](#)

Manage Workday Delegations: [Manage Delegations Job Aid](#)

Delegation Frequently Asked Questions: [Delegation FAQ](#)

Time Tracking & Absence Reports: [Time Tracking & Absence Job Aid](#)

Payroll Office:

[Payroll Schedule](#)

## FREQUENTLY ASKED QUESTION (FAQS)

For FAQs, employees can reference the [FAQ document](#) on the HRM website.