Career Tracks
Training for Employees Impacted by FLSA Changes

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May 2018
Agenda

- What is Career Tracks?
- Tools and Resources
- Employee Reconsideration Period
- What is FLSA and How is it Determined?
- When and How will Changes Become Effective?
- Overtime and Compensatory Time

- Work Schedules and Breaks
- Pay Cycles and Pay Checks
- Pay Rate Conversions
- Paycheck Transition
- Vacation Cash Out/Loan Assistance
- Time Reporting – KRONOS
- Questions / Contacts
What is Career Tracks?

- New classification framework for all policy-covered, non-represented career, contract and limited appointment employees (~2,150 employees)

Career Tracks includes:

- All new payroll titles, title codes, salary grades and salary ranges
- Functionally specific titles that represent the way work exists today
- All new Job Standards, to replace the Series Concepts
- Same classification structure and methodology across all UC campuses
Employee Reconsideration Period

- If you believe your position should be aligned with a different Career Tracks title, there is a period of reconsideration for employees:
  - Please consult with your manager to determine if there is new information or evidence to submit to HR to support reconsideration of the original title assigned
  - Manager and control point must be in agreement with requested change before submitting to HR
  - Request for Change Form is completed and submitted by manager

- Formal requests for changes to titles for positions with FLSA status changes will be accepted between May 1 – June 15
What is FLSA?

- FLSA stands for the Fair Labor Standards Act
- Federal statute under the Department of Labor that dates back to 1938
  - Governs wages and hours
- Best known for establishing work place best practices such as:
  - 8 hour work day
  - 40 hour work week
  - Time and ½ for Overtime
  - Minimum wage
  - Recordkeeping
  - Child labor laws
The FLSA benefits employees in the following ways:

1. Reasonable pay for the work being done
   - Minimum wage
   - Minimum salary requirement for exempt employees
   - Hourly rate doesn’t get reduced from working excessive hours

2. Reasonable work hours
   - Employers must pay extra for work over 40 hours (premium overtime)
   - Encourages reasonable workloads
   - Allows for better work-life balance for employees
   - Reduces health risks
Non-Exempt & Exempt

- **Non-Exempt** employees are covered under FLSA Wage and Hour laws, are paid an hourly rate, must be paid at least the minimum wage for each hour worked, and must be paid over time for any hours worked beyond 40 each week.

- **Exempt** employees are exempt from the rights and protections under the FLSA, and are paid a monthly salary.

Determination of FLSA status is based on LEVEL OF DUTIES and SALARY EARNED
Exempt Level Duties:

- Exercises independent judgment, with limited direction or guidelines, to determine appropriate action
- Exercises independent judgment and discretion on matters of significance that impact the business as a whole
- Manages or supervises a unit or department

Non-Exempt Level Duties:

- Exercises judgment within defined guidelines and practices to determine appropriate action
- Analyzes and resolves problems within organizational policy and procedure
- Works under supervision and guidance of management

Determination of FLSA status is not always easy; when in doubt, a conservative approach is applied.
How Was my FLSA Status Determined?

- FLSA status is pre-determined for each title code based on the key responsibilities and scope descriptions in the Job Standards which are written to align with the FLSA duties tests
- Review of most current job description on file
- Best fit to job family, job function, and job level
- Majority of duties
- Primary purpose of position
- Discussions with managers
When and How will my FLSA Status Change?

- **WHEN:**
  - The change becomes effective July 1, 2018 for both exempt and non-exempt employees
  - *Delayed implementation to allow extra time for transition*

- **HOW:**
  - Your title will be changed in the payroll (PPS) system in early July by Human Resources
  - Your job description will be updated with the Career Tracks title information in early July by Human Resources
  - Your Kronos account will be updated in June by your department
## Am I Eligible to Earn Overtime?

<table>
<thead>
<tr>
<th>Exempt Employees:</th>
<th>Non-Exempt Employees:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Are exempt from FLSA overtime regulations and therefore NOT eligible to earn overtime</td>
<td>- Are covered by FLSA overtime regulations and therefore are eligible to earn overtime (protected status)</td>
</tr>
<tr>
<td>- Are expected to fulfill the duties of their positions, regardless of the hours worked</td>
<td>- Are paid overtime at the premium (time and one-half) rate for actual time worked in excess of 40 hours per week*</td>
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<tr>
<td>- Are NOT required to track all hours worked</td>
<td>- Are required to account for all hours worked</td>
</tr>
<tr>
<td>- Only record time off for vacation and sick leave, in full-day increments</td>
<td>- Are required to report sick and vacation time on an hourly and fractional hourly basis</td>
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<tr>
<td>- Are paid an established salary on a monthly basis</td>
<td>- Are paid an hourly rate for all hours worked on a bi-weekly basis</td>
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</table>

*May differ by bargaining unit*
Am I Eligible to Accrue Compensatory Time Off?

Non-exempt → Exempt

- Compensatory time off is NOT applicable to Exempt employees.
- Accrued compensatory time off balances can be used up until June 30, 2018.
- Comp time balances after July 1st will be paid out to the employee by August 1, 2018.

Exempt → Non-Exempt

- Paid overtime is the default method of compensation for overtime worked.
- Departments can choose to allow employees to elect to receive Compensatory Time Off in lieu of receiving premium overtime pay (forms available online) – Note: check with your manager regarding your departments policy and procedure regarding accrual and use of “comp time”.

All overtime must be approved in advance of working it.
Work Schedules – Exempt vs. Non-Exempt

- Management is responsible to determine work schedules and define expectations of work schedules.

  - **Exempt Employees** are usually required to maintain office hours or a work schedule in order to ensure proper staffing levels for the business operation.
    - Flexibility may be allowed with appropriate communication between employee and manager.
    - Work load may require work beyond 40 hours per week.

  - **Non-Exempt Employees** usually work within a set schedule in order to maintain proper staffing levels for the business operation.
    - Some flexibility may be allowed and requires communication between employee and manager.
    - All hours worked must be tracked and reported to the nearest quarter hour; hours worked over 40 per week are paid the over-time rate or may be eligible for Compensatory Time Off.

**EXEMPT Employees:** Understand your departments’ expectations regarding office hours – you may be expected to have a set work schedule and be held accountable to that schedule.
Meals and Rest Breaks

- **Meals and Rest Breaks for Non-Exempt Employees:**
  - A non-exempt employee whose total workday is at least five hours will be provided with a meal break of at least 30 minutes
  - *Meal Breaks are NOT considered time worked or time on pay status*
  - Full time employees receive two 15-minute rest breaks, one during the first half of the shift and one during the second half of the shift. Part-time employees receive one 15-minute rest break for each work period of 3 continuous hours or more, not to exceed two rest periods per day
  - *Rest breaks ARE considered time worked and time on pay status*
Pay Cycles and Pay Checks

<table>
<thead>
<tr>
<th>Exempt - Monthly</th>
<th>Non-Exempt - Biweekly</th>
</tr>
</thead>
<tbody>
<tr>
<td>❖ The monthly pay cycle consists of all work days in any given month, and is not defined by workweeks</td>
<td>❖ A biweekly pay cycle consists of 10 working days (2 weeks), Sunday through Saturday</td>
</tr>
<tr>
<td>❖ Paychecks are issued on the first of each month, and cover the previous month’s work</td>
<td>❖ Paychecks are issued on the second Wednesday following the end of the pay period</td>
</tr>
<tr>
<td>❖ If a designated payday falls on a weekend or holiday, the payday will be on the last working day of the month prior to the designated pay day</td>
<td>❖ Paydays are every other week on Wednesday (not twice per calendar month; some month’s include 3 pay days) Note: In 2018, May and October contain 3 pay days</td>
</tr>
</tbody>
</table>
## Paycheck Deductions

<table>
<thead>
<tr>
<th>Exempt - Monthly</th>
<th>Non-Exempt - Biweekly</th>
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<tbody>
<tr>
<td>❖ All deductions, regardless of type, are deducted from paychecks monthly</td>
<td>❖ Deductions are taken from each pay check, but vary depending on the number of pay cycles in a month</td>
</tr>
</tbody>
</table>

❖ Percent-based deductions (like taxes) are deducted from every paycheck

❖ Flat-dollar deductions (like insurance premiums) are split across 2 biweekly paychecks

**NOTE:** Months with 3 pay cycles will have **NO** flat-dollar deductions on the paycheck for the 3rd pay cycle, but will still contain percent based deductions. These are considered “benefit holiday” paychecks, and are identified on the Biweekly Payroll Calendar as a shaded circle.
Payroll Calendar

Months with 3 Pay Dates

Months with 3 Pay Periods
Pay Rate Conversions

Non-exempt → Exempt

- Hourly rate converted to monthly rate
- Monthly rates are determined by multiplying the hourly rate by 174 (the average number of working hours in a month)
- Example: An employee earning $25.00 per hour will have a monthly rate of $4,350.00 ($25 \times 174 = $4,350.00/month)

Exempt → Non-exempt

- Monthly rate converted to hourly rate
- Hourly rates are determined by dividing the monthly rates by 174 (the average number of working hours in a month)
- Example, an employee earning $3,480.00 monthly earns $20.00 per hour ($3,480.00 ÷ 174 = $20/hour)

The number of work days in a year fluctuate between 260-262 annually, depending on when weekdays fall within that calendar year. To account for this fluctuation, annual pay calculations are based on 2088 hours in a calendar year, an average of 261 days worked out of a 365 day calendar year. This equates to an average of 174 hours per month (2088 ÷ 12).
## Paycheck Transition*

<table>
<thead>
<tr>
<th></th>
<th>Non-exempt to Exempt</th>
<th>Exempt to Non-exempt</th>
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<tbody>
<tr>
<td><strong>Final paycheck on existing FLSA status</strong></td>
<td>July 11, 2018</td>
<td>June 29, 2018</td>
</tr>
<tr>
<td><strong>Pay dates covered</strong></td>
<td>6/17/18 to 6/30/18</td>
<td>6/1/18 to 6/30/18</td>
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<tr>
<td><strong>Deductions</strong></td>
<td>Flat-rate deductions split in half</td>
<td>Full flat-rate deduction</td>
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<tr>
<td><strong>First paycheck on new FLSA status</strong></td>
<td>August 1, 2018</td>
<td>July 25, 2018</td>
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<tr>
<td><strong>Pay dates covered</strong></td>
<td>7/1/18 to 7/31/18</td>
<td>7/1/18 to 7/14/18</td>
</tr>
<tr>
<td><strong>Deductions</strong></td>
<td>Full flat-rate deductions</td>
<td>Flat-rate deductions split in half</td>
</tr>
<tr>
<td><strong>Vacation cash out date, if elected</strong></td>
<td>July 11, 2018</td>
<td>July 25, 2018</td>
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*Dates apply to employees transitioning on 7/1. Dates differ for limited appointment employees who are transitioning 7/29 and 8/1. **Part of a Transition Assistance Program.*
Paycheck Transition

- **Non-exempt to Exempt** - Last biweekly paycheck – July 11th (Pay Dates = June 17-30)
  - July 1-31 – paid on August 1st (first monthly paycheck)
    - Note: monthly paychecks include all pay days of the previous month - no “in-arrears”

- **Exempt to Non-Exempt** - Last monthly paycheck – June 29th (Pay Dates = June 1-30)
  - July 1-14 – paid on July 25th (first biweekly paycheck)
  - July 15-28 – paid on August 8th
  - July 29-August 11 – paid on August 22nd
    - Note: bi-weekly paychecks are based on actual hours worked and are two weeks “in-arrears” to allow for processing time
Paycheck Transition: Exempt to Non-exempt

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<th>Sun</th>
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Pay Dates

<table>
<thead>
<tr>
<th>Monthly</th>
<th>Biweekly</th>
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<tr>
<td>8/1/2018</td>
<td>7/25/2018</td>
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<tr>
<td>8/8/2018</td>
<td>8/22/2018</td>
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Adjusting to the Pay Date Change

What can you do to make sure these delays do not affect your ability to pay bills on-time?

✓ Be aware of when bills are due and if they are on auto pay – will you have the money in your account to cover the bills when they are due?

✓ Estimate the amount of your monthly or biweekly paycheck and modify your bill-paying plan and budget to align with your new pay schedule

  ➢ Contact bill companies to see if due dates can be adjusted

✓ Take advantage of the Vacation Accrual Cash Out program

✓ Seek loan assistance
Vacation Accrual Cash Out Program

- Voluntary program to provide flexibility during transition, allowing employees to cash out accrued vacation to offset any financial obligations tied to pay schedules

- Eligibility: Any career or contract employee transitioning into a Career Tracks title that will result in an FLSA status change who meets the following criteria:
  - Employee status of “Active”
  - Hired prior to July 1, 2018
  - Employee has existing accrued vacation that meets or exceeds the requested cash out amount

- One-time cash out of up to 80 hours of accrued vacation time
  - This will result in a reduction of accrued vacation balance in accordance with the amount elected by the employee

- Vacation Accrual Cash Out Request forms must be submitted by the employee to their manager no later than June 20th

  - Managers submit the signed request forms to HR no later than June 22, 2018
  - Request form available on HR website under Useful Links: https://www.hr.ucsb.edu/compensation/career-tracks
Loan Assistance

- While the university no longer offers Emergency Loans, there is still the option to request loan assistance from one of two external credit unions: 
  - University Credit Union and USE Credit Union
- The two credit unions have UC negotiated interest rates, are in compliance with the Truth in Lending requirements, and will provide online application tools for employees to directly apply for emergency loans.
- More information is available on the HR web site at: http://www.hr.ucsb.edu/benefits/financial-savings
Time Reporting - KRONOS

Exempt - Monthly

- Time is reported once per month
- Time is reported as “exception” time – only reporting on workdays **not** worked (vacation & sick time)
- Leave reporting is based on full day increments (**exception, approved Family Medical leave**) 

Non-Exempt - Biweekly

- Time is reported every two weeks
- Time is reported based on actual hours work, and in quarter hour increments
- For overtime reporting purposes, the defined workweek for policy covered employees is Sunday through Saturday
- Leave reporting is based on quarter hour increments
Timecard Examples - Non-Exempt (Biweekly)

- Time is reported on a biweekly basis
- Time is reported for all hours worked, and in quarter hour increments
- Leave reporting (sick time, vacation time) is in quarter hour increments

Entries are made for every work day
Timecard Examples - Exempt (Monthly)

- Time is reported on a monthly basis
- “Exception Reporting” – only reporting time NOT WORKED on the time card - No longer reporting daily hours worked
- Leave Reporting is in FULL DAY INCREMENTS (exception – approved FML – consult with Leave Administration)

Entries are made for “leave” days only
Questions / Contacts

- **Compensation Unit:**
  - Kathy Moore, Compensation Manager, x7137
  - Tamara Berton, Compensation Analyst, x4661
  - Amy Arnold, UC Path and Compensation Analyst, x4068
  - Linda Broen, Compensation Analyst, x4832
  - Angie Mignone, Compensation Analyst, x4459
  - Ashley Sumudio, Compensation Analyst, x7664