



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

Moving From Nonexempt to Exempt How Changing Your Fair Labor Standards Act (FLSA) Status Affects You

Presented by the
**Office of Human Resources
(OHR)**





Agenda



01 | WHAT IS THE FAIR LABOR STANDARDS ACT (FLSA)?

02 | WHAT WILL CHANGE? WHAT STAYS THE SAME?

03 | HOW THIS CHANGE AFFECTS YOU:

- PAYROLL
- BENEFITS
- LEAVE TIME & REPORTING

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What is FLSA?

The Fair Labor Standards Act of 1938 is the U.S. Department of Labor (DOL) federal wage and hour law. It's commonly referred to as FLSA.



FLSA protects employees against unfair pay practices and includes regulations over the workweek, minimum wage, overtime pay, and youth employment.

Everyone is covered under the law, but employees are classified as **exempt** or **nonexempt** based on the job they do.



Definitions

FLSA Exempt:

An FLSA exempt job is not subject to the overtime protections outlined in the FLSA.



FLSA Nonexempt:

An FLSA nonexempt job is subject to the overtime protections outlined in the FLSA that ensure employees receive overtime pay.



Nonexempt vs. Exempt

Nonexempt	Exempt
Paid hourly	Paid annually/salary
Overtime pay or compensatory (comp) time for working more than 40 hours in a workweek	Typically, no additional pay for working more than 40 hours in a workweek



Exemption Status Criteria

1. **Salaried:** You must be paid on an annual salary basis,
and
2. **Minimum Salary:** You must be paid above a salary threshold amount of \$684 per week or \$35,568 annually (\$17.10 per hour),
and
3. **Duty and Discretion:** Your job must fall into one of these categories: executive, administrative, professional or computer professional.

*Regardless of salary teachers, doctors, and lawyers are always exempt.



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Who is Affected by an FLSA Change?

If your current job title is classified as nonexempt and your new job title with the Title and Total Compensation Project (TTC) will be classified as exempt, **your new FLSA exemption status will change to exempt when TTC implements on November 7, 2021.**



What Will Change? What Stays the Same?

Moving to exempt changes how you report time (all) and your vacation earnings (for University Staff only).

It does NOT change:

- your employee category
- your sick leave earnings



What Will Change? What Stays the Same?

Moving to exempt changes your **overtime eligibility**.

It does NOT change:

- your job duties
- your supervisor
- policy



Follow Along With Handout

University Staff Moving from Nonexempt to Exempt (“side-by-side”) document addresses how the change from exempt to nonexempt affects University Staff

University Staff Moving from Nonexempt to Exempt															
<p>The Fair Labor Standards Act (FLSA) is a federal law through the Department of Labor that establishes a set of standards to determine which jobs are covered by the act (“non-exempt”) and which jobs are not covered (“exempt”). Every UW-Madison employee that is subject to the FLSA is given a status of exempt or non-exempt based on all job responsibilities performed for UW-Madison. This table provides information about changes that will occur when there is a change in your exemption status.</p>															
PAYROLL															
Pay Periods	NO CHANGE - 26 pay periods for all University Staff (Non-Exempt and Exempt)														
Direct Deposit	NO CHANGE														
General Deductions	NO CHANGE - Email payroll@ohr.wisc.edu if questions or if a deduction (Parking, Van Pool, Rec Fees, etc.) is missed.														
Taxes	NO CHANGE														
Garnishments															
PAID LEAVE															
Compensatory Time	CHANGE - Exempt staff are not eligible for comp time.														
Leave Reporting	NO CHANGE														
Earned Vacation	<table border="1"> <thead> <tr> <th>Nonexempt</th> <th>Exempt</th> </tr> </thead> <tbody> <tr> <td>First 5 Years - 104 hours</td> <td>First 5 Years - 120 hours</td> </tr> <tr> <td>5-10 Years - 144 hours</td> <td>5-10 Years - 160 hours</td> </tr> <tr> <td>10-15 Years - 160 hours</td> <td>10-15 Years - 176 hours</td> </tr> <tr> <td>15-20 Years - 184 hours</td> <td>15-20 Years - 200 hours</td> </tr> <tr> <td>20-25 Years - 200 hours</td> <td>20+ Years - 216 hours</td> </tr> <tr> <td>25+Years - 216 hours</td> <td></td> </tr> </tbody> </table>	Nonexempt	Exempt	First 5 Years - 104 hours	First 5 Years - 120 hours	5-10 Years - 144 hours	5-10 Years - 160 hours	10-15 Years - 160 hours	10-15 Years - 176 hours	15-20 Years - 184 hours	15-20 Years - 200 hours	20-25 Years - 200 hours	20+ Years - 216 hours	25+Years - 216 hours	
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Employee Choice Program

- University Staff with an FLSA exempt status have the **choice** to become Academic Staff.
- If you make this choice, your job title will not change.



Employee Choice Degree Requirements

- Prior to July 1, 2015, all Academic Staff and Limited positions required at least a Bachelor's degree.
- Since July 1, 2015, the degree requirement guideline for vacant positions is based on position qualifications.
- As an exempt employee, you are eligible to move to Academic Staff via the Employee Choice Program with NO degree requirements.



Considering a Change to Academic Staff



**How do I decide if I should
become Academic Staff?**



Steps to Making This Decision

- Let your Divisional HR Office know you are considering the change to Academic Staff.
- Your Divisional HR office will schedule an Employee Choice Counseling Meeting with you.
- This decision can be made at any time. The effective date will coincide with the beginning of a pay period.



Employee Choice Counseling Meeting





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Payroll - Earnings Statements



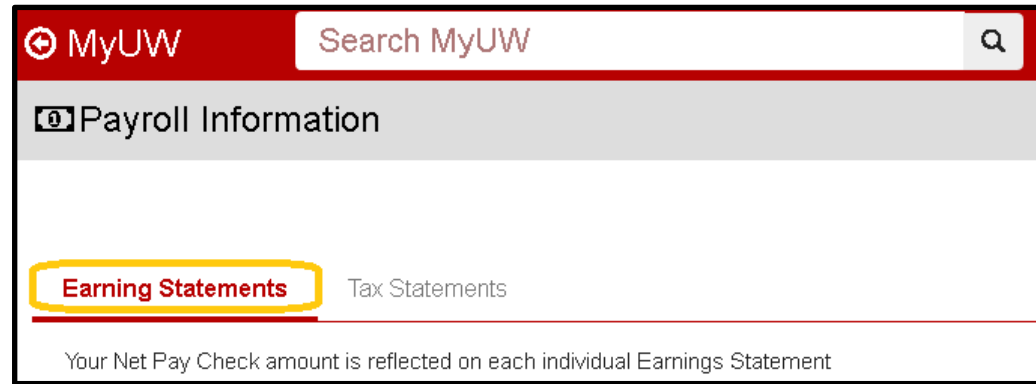
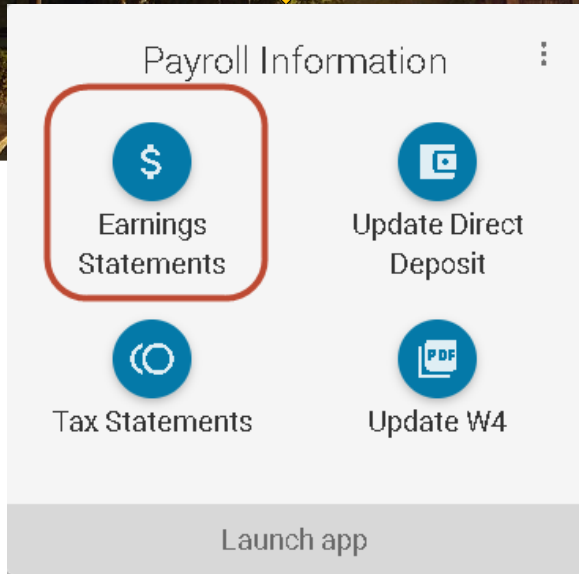
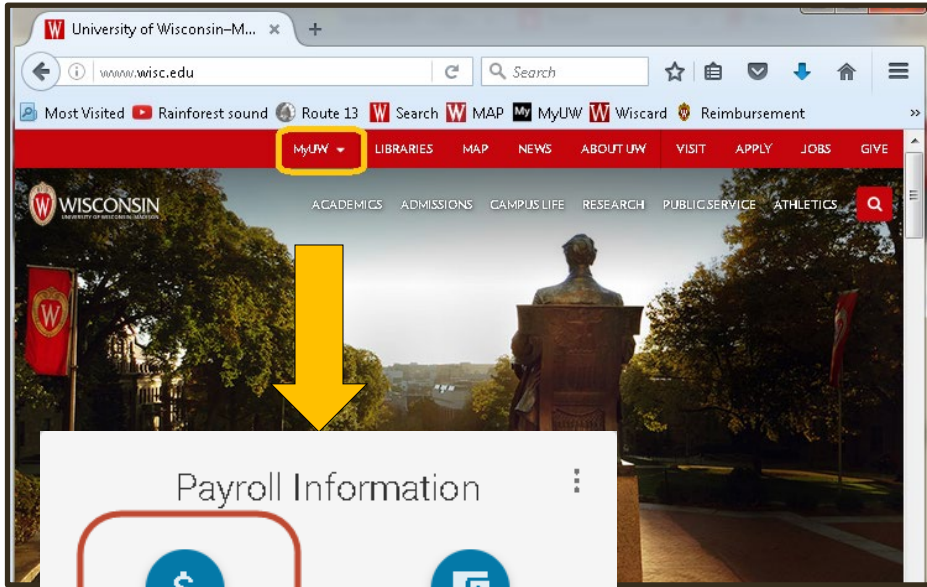
Review your earnings statement each pay period, particularly if you made changes to:

- your benefits
- tax withholding
- general deductions, **or**
- if there has been a change to your appointment.



Where do you find your Earnings Statements?

1. Go to www.wisc.edu
2. Choose MyUW tab
3. Log in with NetID
4. Click on Payroll Information
5. Select Earnings Statements





IRS Withholding Calculator

- Use the IRS Withholding Calculator to check payroll tax withholding throughout the year.
- Access this calculator at any time to determine if you want to adjust your tax withholding.

www.irs.gov/Individuals/IRS-Withholding-Calculator



Timesheet Changes



Contact your local HR professional for questions about how to record time on your timesheet.

hr.wisc.edu/contact/



Benefits Enrollments

Will NOT change due to FLSA

- State Group Health
- State Group Life Insurance
- Income Continuation Insurance
- Supplemental Dental
- Preventative Dental (No Health)
- VSP
- Individual Family Life Insurance
- AD&D Life Insurance
- Accident Insurance
- UW Employee Inc. Life Insurance
- Flexible Spending Account
- Health Savings Account
- Wisconsin Retirement System





Wisconsin Retirement System (WRS)

Your employee category will not change. The minimum hours remain the same regardless of exemption status.

University Staff (General Category)

- Calendar Year (January 1 – December 31)
- 1 year of Creditable Service = minimum of 1,904 hours

FA/AS/LI (Teacher Category)

- Fiscal Year (July 1 – June 30)
- 1 year of Creditable Service = minimum of 1,320 hours
(FT, 100% FTE employees earn ~ 174 hours each month)

Creditable service is based on hours paid



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Compensatory “Comp” Time

- As an exempt employee, you will not be able to earn comp time.
- In making the transition to FLSA exempt, you can keep and use the balance of the comp time you earned as a nonexempt employee, but this must be used by April 30, 2022.
- Comp time remaining after April 30, 2022, will be converted to cash payment & included in your future earnings statement.



Leave Time

When your FLSA exemption status changes from nonexempt to exempt the impact on your leave time is:

NO Change

- Sick leave
- Personal holiday
- Legal holiday
- Vacation (25+ years)

Change

- Vacation (0-25 years of service) will see an increase of 16 hours of vacation annually (full-time employees)



Accumulating Vacation Time

Years of Service	Full-Time University Staff – Nonexempt	Full-Time University Staff – Exempt
0 to 5 Years	0 hours	0 hours
5+ to 10 Years	0 hours	40 hours
10+ to 15 Years	40 hours	40 hours
15+ to 20 Years	40 hours	80 hours
20+ to 25 Years	80 hours	120 hours
25+ Years	120 hours	120 hours
Earn < 160 hours of vacation and have accrued at least 520 hours of sick leave	40 hours	40 hours



Leave Reporting

- Depending on the practice of your division, there may or may not be a change for you. Consult with your HR/Payroll.
- Divisions have discretion for exempt university staff leave reporting practices.



Leave Reporting Practices

Practice 1: No change (Leave is charged in 15-minute increments.)

Practice 2: Leave is charged in half-day increments in accordance with the chart on the following slide.



Leave Reporting – Practice 2

Hours Missed	Leave Reported
0 to < 2 hours	0 hours
2 hours to 6 hours	4 hours
> 6 hours	8 hours



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General Resources

1. Your supervisor and your division's Human Resources staff
2. UW-Madison FLSA Website:

hr.wisc.edu/flsa/

All session materials will be posted here



Thank you for watching!

FLSA Website

hr.wisc.edu/flsa