

Fair Labor Standards Act

2016 Overtime Pay Rule Changes

Frequently Asked Questions

Updated (10.27.16)

1. Q: What is the Fair Labor Standards Act (FLSA)?

A: The Fair Labor Standards Act (FLSA), also known as the federal Wage and Hour Law, regulates minimum wage, overtime, equal pay, recordkeeping, and child labor. Under the FLSA, employees are classified as either exempt or non-exempt from minimum wage and overtime requirements. Being exempt means you are not eligible for overtime pay under the rules.

2. Q: How is an employee determined to be an exempt employee?

A: To be classified as exempt, salaried employees must generally satisfy *all* of the following tests:

- The employee's salary must meet or exceed the minimum salary requirements for exemption (\$1,826/bi-weekly or \$47,476/annually beginning Dec. 1, 2016).
- The employee must receive their full salary in any workweek in which they perform work, regardless of the quality or quantity of their work.
- The employee must perform specific job duties. Each type of exemption has its own set of primary duties that an employee must perform in order to qualify for the exemption.

3. Q: Can non-exempt employees be paid a salary?

A: Yes – non-exempt employees can receive a salary as long as they receive at least the minimum wage for each hour worked and overtime pay whenever they work more than 40 hours in a workweek. Hours must be tracked to ensure overtime is paid in accordance with the law.

4. Q: For non-exempt employees who are eligible for overtime, what is the overtime rate?

A: Under federal law, the overtime rate is 1.5 times the employee's regular rate of pay. An employee's "regular rate of pay" includes his or her hourly rate plus the value of shift differentials, and other forms of compensation that are permanent in nature.

5. Q: What is changing in the new rule?

A: The minimum salary requirement for the executive, administrative, professional exemptions is increasing. These new rules through the U.S. Department of Labor call for automatic adjustments to the minimum salary requirements every three years beginning January 1, 2020.



6. Q: What does this mean?

A: This change means certain employees who annually earn between \$23,660 and \$47,476, will be eligible for overtime.

Executive, Administrative, Professional (EAP) Exemptions		
	Current	December 1, 2016
Bi-weekly	\$910	\$1,826
Yearly	\$23,660	\$47,476

Many State of Iowa employees covered by FLSA overtime guidelines are already receiving premium overtime due to provisions in collective bargaining agreements.

7. Q: When do the new FLSA rules take effect?

A: December 1, 2016. This means the change will be effective with the pay period beginning November 18, 2016.

8. Q: How will the State comply with the new overtime pay rules?

A: The Department of Administrative Services (DAS) Human Resources Enterprise (HRE) has identified employees potentially affected by the new FLSA guidelines. By mid-November, your Human Resources Associates will have access to a list of specific employees affected by the rule change.

9. Q: How will the new overtime pay rules be implemented and administered?

A: It's up to each agency to administer the new rules and to monitor the list of employees who will be affected. Human Resources Associates will be able to answer questions. Other resources, such as the Managers and Supervisors Manual, [Section 5.30](#), will have information. You may also contact your assigned Personnel Officer.

10. Q: What can I do to help my employee through his/her transition?

A: Your Personnel Officers are ready to help you have a conversation with employees who will be affected by the change. A PowerPoint is also available, which has some helpful tips in communicating this change with employees.

11. Q: Can one employee be exempt and another non-exempt even if they have the same job classification?

A: Yes, since one employee can be above the salary threshold, and one could be below the salary threshold. This means that some employees who have not had to keep track of hours in the past will have to do so now so overtime can be managed. *All* of the tests (see Question 2) must be met for a position to be exempt.

12. Q: Where can I find additional information?

A: Your Personnel Officers and Human Resources Associates can answer your questions. There is also a presentation and an FAQ sheet on the DAS website. You may also find additional information on the U.S. Department of Labor's [website](#).