7 Things You Need to Know About the New Fair Labor Standards Act (FLSA) Overtime Regulations

Murray State University is required to follow the regulations of the Fair Labor Standards Act (FLSA). In May 2016, there were changes made to the overtime exemption regulations. Below you will find helpful information about the FLSA and the final ruling that will impact some staff positions that are currently classified as exempt from overtime.

1) What is the Fair Labor Standards Act (FLSA)?
FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments. Department of Labor: WHD

2) What do the terms exempt and nonexempt mean?
Employees whose jobs are governed by the FLSA are either "exempt" or "nonexempt."
- Nonexempt employees are entitled to overtime pay.
- Exempt employees are not entitled to overtime pay.

3) What is Overtime?
Overtime compensation must be paid at a rate not less than one and one-half times the regular rate of pay to all nonexempt employees for hours worked over 40 in the same workweek. Department of Labor: WHD

4) What is the Final Rule of the FLSA?
The Final Rule focuses primarily on updating the salary and compensation levels needed for Executive, Administrative and Professional workers to be exempt under FLSA. Department of Labor: WHD Final Rule: Overtime

5) What are the changes to the minimum salary level?
The new rule increases the standard salary level from $455 per week ($23,660) to $913 per week ($47,476). As a result, some staff positions that are currently classified as exempt from overtime will need to be reclassified as nonexempt. The minimum salary level will automatically update every three years beginning on January 1, 2020. SHRM
6) What is the effective date of this change?
The new regulations require employers to be compliant with these changes by December 1, 2016.

7) What does this mean to Higher Education?
FLSA regulatory provisions specific to higher education state that the salary level and salary basis requirements for the FLSA exemption do not apply to bona fide teachers or academic administrative employees whose primary duty is performing administrative functions directly related to academic instruction or training in an educational establishment. These employees are not entitled to overtime compensation if they are paid at least as much as the entrance salary for teachers at their institution. Department of Labor: Higher Ed Guidance
Department of Labor: Overtime Final Rule and Higher Education

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