UC RIVERSIDE | Human Resources

Staff and Academic Personnel

Frequently Asked Questions

Payroll Transition for New Overtime-Eligible Employees

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1. **Q: What does it mean to be exempt or non-exempt under the Fair Labor Standards Act (FLSA)?**

   A: The federal Fair Labor Standards Act (FLSA) regulates whether an employee is overtime-eligible ("non-exempt") or overtime-exempt ("exempt"). Most employees covered by the FLSA must be paid at least the minimum wage and premium pay for any hours they work beyond 40 in a workweek. The minimum wage for California is currently $10 per hour. Some localities have adopted higher minimum wages. The FLSA does, however, exempt certain kinds of covered employees from the minimum wage and overtime requirements, including bona fide executive, administrative, and professional employees. To qualify for one of the executive, administrative or professional exemptions, an employee must be paid a predetermined salary that is above a certain amount and meet the applicable duties test.

2. **Q: Are any positions exempt from the salary basis test?**

   A: Professors, lecturers, tutors and others teachers, doctors, medical residents, veterinarians and attorneys are not subject to either the salary basis or salary level tests. This means that these professionals are considered exempt regardless of the amount they earn for performing services.

3. **Q: Why is UC changing my FLSA status from exempt to non-exempt and overtime eligible?**

   A: Currently, most employees who are classified as overtime-exempt must earn at least $455 per week, according to the FLSA. Beginning December 1, 2016, to qualify for the executive, administrative or professional exemption, the FLSA requires that an employee earn no less than $913 per week, or $47,476 per year. To comply with this new overtime rule, the University of California has reviewed your position and salary and reclassified you as overtime-eligible.

4. **Q: As a non-exempt employee, when am I entitled to overtime?**

   A: Non-exempt, overtime-eligible employees must be paid no less than the minimum wage and a premium rate for any hours worked beyond 40 in a workweek. Hospitals are permitted to base FLSA overtime eligibility on either 40 hours in a workweek or 80 hours in a 14-consecutive day work period (the 8/80 option). If the University requires or permits an employee to work overtime, then it is generally required to pay the employee premium pay for such overtime work.

5. **Q: Now that I am a non-exempt, overtime-eligible employee, why am I required to record the number of hours I work each day?**

   A: The FLSA requires the University to keep certain records for each non-exempt, overtime-eligible employee, including records of the number of hours worked each day and the amount of wages earned. Talk to your manager or supervisor about local time reporting requirements.

6. **Q: I am currently paid monthly. Will I convert to the biweekly pay schedule?**

   A: If you are re-classified as a non-exempt employee and eligible for overtime, your pay period will change from monthly to biweekly.

7. **Q: When will the change from a monthly pay schedule to a biweekly pay schedule take effect?**

   A: The new non-exempt, overtime-eligible employees will transition to the biweekly pay schedule on November 20, 2016.

   Here are the specific pay dates during that period:

   - December 1: Final monthly paycheck for work performed between November 1 through November 19, full benefits deduction for December 2016.
   - December 14: Full paycheck for biweekly period of November 20 through December 3, first ½ of January 2017 benefits deductions.
   - December 28: Full paycheck for full biweekly period of December 4 through December 17, second ½ of January 2017 benefits deductions.

8. **Q: Where can I find the biweekly pay schedule?**

   A: The UCR biweekly pay schedule information is located at:
   http://accounting.ucr.edu/payroll/pay_cal.html

9. **Q: How many biweekly pay periods are there in a calendar year?**

   A: You will receive a minimum of 26 and a maximum of 27 paychecks in a year. Because biweekly periods do not always line up exactly to the calendar year, there is often a biweekly pay period that crosses over from December to January. As a result, the gross pay reported on an annual W-2 tax form may not exactly match your annualized pay rate, and occasionally there will be 27 periods in one year.

10. **Q: How will my vacation and sick leave accruals be calculated during the transition?**

    A: For staff and academic employees, your accruals are based on your hours on pay status. If the time you work on pay status varies, then so will your accruals. Therefore, a full-time employee should expect to see the same accruals over the course of the year, while a part-time employee's accruals may vary.

Accruals for biweekly employees are credited at the end of every two pay periods (every four weeks) based on hours on pay status during those two pay periods. Biweekly employees accrue 13 times in a calendar year, compared to 12 times for monthly employees. The accruals for each pay period are therefore smaller, but your annual vacation and sick accrual rate is the same.

During the transition, you will be credited at the end of the monthly November pay period based on the hours worked November 1 through November 19, and credited again in December for the hours worked November 20 through December 17 (the end of the first biweekly accrual period).

11. Q: How is my hourly rate determined?

A: There are two methods you can use to calculate your hourly rate (based on a 40-hour workweek):

- **Method 1:** Take your monthly salary rate and divide by 174 (the average number of working hours in a month). For example, if your monthly salary is $3250.00 per month: $3250.00 ÷ 174 = $18.68 per hour.
- **Method 2:** Take your annual salary and divide it by 2088 (the number of working hours in a year). For example, if your annual salary rate is $39,000.00 per year: $39,000.00 ÷ 2088 = $18.68 per hour.

12. Q: What should I do to prepare for the change?

A: It is important that you review your personal budget situation and determine your income needs based on the new biweekly pay schedule. In preparation for the conversion, we suggest that you take the following steps:

- Review your current tax withholding elections and make any necessary changes. Pay particular attention to additional tax withholding amounts.
- Review your current voluntary contributions to your 403(b) and 457(b) plans. *See* FAQ #18.
- If appropriate, request that third-parties adjust your automatic withdrawal or bill-pay dates to align with your new pay schedule.

13. Q: What if I have reviewed my situation and find that I will be unable to meet my financial obligations during the transition?

A: The University will be offering a Transition Assistance Vacation Cash Out program that allows you to cash out up to 80 hours of your accrued and unused vacation balance to assist you in meeting financial obligations during the transition period.

The University has an arrangement with two credit unions for emergency loans at negotiated rates. Please see this policy link for more information: http://policy.ucop.edu/doc/3410225/AM-E526-48.

14. **Q: Will I need to make any changes to my direct deposit?**

    A: No.

15. **Q: What is a Deduction Holiday? How will my deductions be calculated?**

    A: A deduction holiday occurs when there are three biweekly pay periods in a month. During a deduction holiday, no flat-dollar deductions are taken from pay; only percent-based deductions are taken. Typically, deduction holidays occur twice a year, based on pay period end date. Pay dates with deduction holidays can be found on the biweekly pay schedule calendars.

16. **Q: I have a garnishment deduction. How will the transition to biweekly pay affect the amount deducted for my garnishment?**

    A: If the garnishment deduction is calculated as a percentage of your earnings, a deduction will occur each pay period, up to the maximum deduction allowed based on federal and state regulations. For example, if your garnishment deduction is 25 percent of your pay, that amount will be deducted each payday.

    If the garnishment deduction is a fixed amount, the amount will be recalculated to a biweekly amount. That calculation is then divided into two payments. For example, a monthly $250 garnishment payment will become $125, deducted during each biweekly paycheck.

17. **Q: When is my retirement deduction taken?**

    A: The UC mandatory retirement contributions, University of California Retirement Plan and the Defined Contribution Plan, are taken each biweekly payday.

18. **Q: I contribute to my 403(b) and 457(b) plans. When will my contributions be taken?**

    A: **Percentage deduction**: If you set up your contributions as a percentage deduction, the percentage amount will be taken each paycheck (26 times a year). For example, if your current 403(b) contribution is 5 percent per month, a 5 percent contribution will be made each biweekly payday.

    Flat Dollar deduction: If you set up your contributions as a fixed flat dollar amount, the flat dollar amount will be split in half, and one-half will be withheld per biweekly payday. For example, if your current 403(b) contribution is $100.00 per month, it will be divided into a $50.00 contribution each biweekly payday. For months with three paychecks, one paycheck will have no fixed flat dollar deductions taken.

19. Q: What if I pay some of my bills through automatic bill pay?

A: If you have automatic bill pay set up for any regular expenses, such as mortgage payments, student loan payments or car payments, we encourage you to work directly with your financial institution(s) to change payment dates as needed. As a biweekly employee, your pay dates vary since you are paid every other Wednesday.

20. Q: Will I need to make any changes to my tax withholding?

A: If you have an additional tax amount deducted from your paycheck, that monthly amount will be split in half, and one-half will be withheld from each biweekly check. If you would like to adjust your additional withholding amount, please go to the At Your Service website and review and/or update your W-4/DE-4 Form. For other tax questions, please consult IRS and State Franchise Tax Board websites or contact a tax professional for help. For other tax questions, please consult IRS (https://www.irs.gov/) and State Franchise Tax Board (for California: https://www.ftb.ca.gov/) websites or contact a tax professional for help.

21. Q: Who should I contact if I have questions regarding my FLSA classification or the biweekly pay cycle conversion?

A: If you have questions for which you need immediate assistance, please contact your supervisor or local staff human resources or academic personnel office.