Staff and Academic Personnel FLSA Pay Transition

Information Session
October 2016

Agenda

- **Introduction**
- **FLSA changes**
- **How will the transition impact your paycheck?**
  - Timing
  - Deductions
- **Planning your transition**
  - Transition Assistance Vacation Cash Out Program
- **Time reporting system**
- **Resources**

Who Will Be Classified As Nonexempt

Due to a recent change in the federal Fair Labor Standards Act, most full-time and part-time employees must earn at least $913 per week (or $47,476 per year) in order to remain classified as overtime exempt.

To comply with the DOL's new overtime rule, the University of California will take the following approach:

- Junior Specialists and Staff Research Associate 2 will be reclassified as nonexempt
- Staff and academic personnel who do not qualify for the professional teaching exemption and who earn less than $913 per week, will be reclassified as nonexempt and paid on an hourly basis.

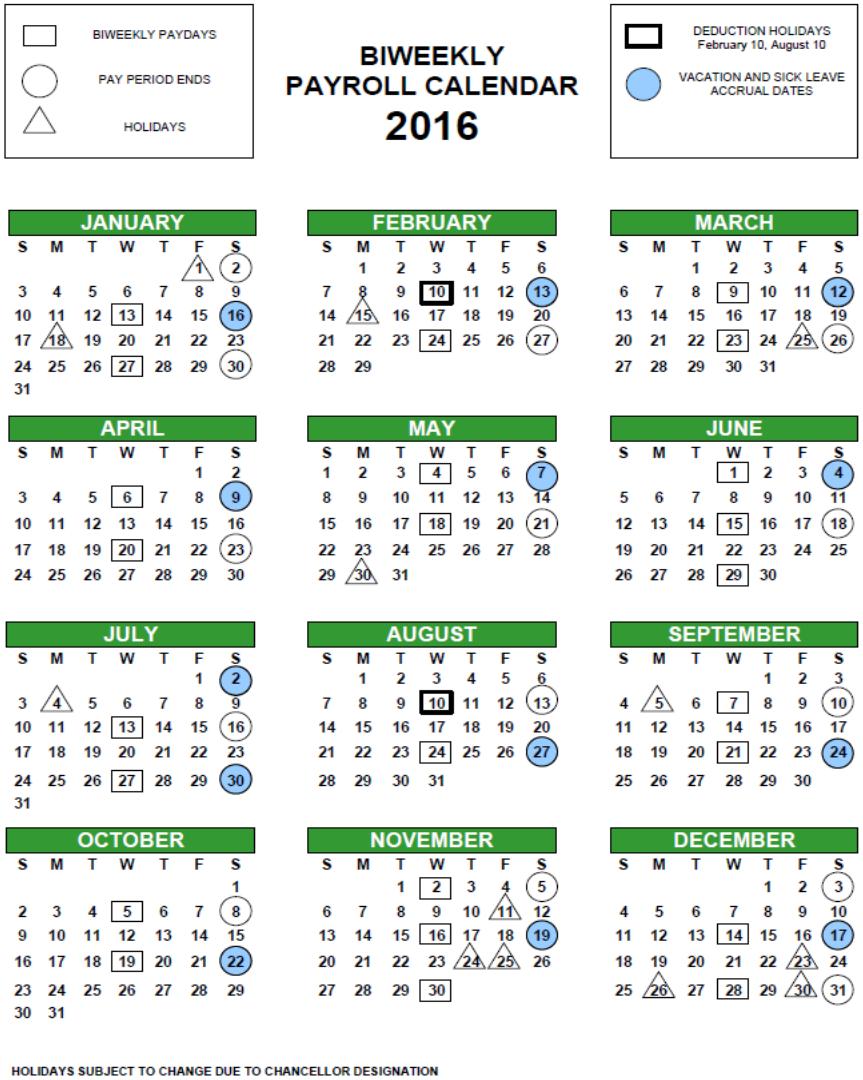
Transition to Biweekly Pay

Dec 1, 2016	• Last monthly paycheck issued for work performed November 1 - 19, 2016
Dec 14, 2016	• Paycheck for work performed from November 20 - December 3, 2016
Dec 28, 2016	• Paycheck for full biweekly period of December 4 - 17, 2016

Pay Cycle Comparison

	Monthly Pay Cycle	Biweekly Pay Cycle
Pay Cycle	1st to last day of the month	Sunday to Saturday, two-week period
Paychecks per Year	12	26
Paycheck Date	1st of the month	Every other Wednesday
Pay for Overtime	Paid one month after earned, or in a separate check	Paid in biweekly check when earned
Leave Usage	Reported one month in arrears	Reported in the current pay period

Biweekly Calendar



This is the annual biweekly pay schedule calendar.

It indicates the biweekly pay periods, pay dates, and leave accrual periods.

The end date of each leave accrual period is indicated on the calendar with a blue circle. Leave is accrued at the end of every two biweekly pay cycles (see appendix)

You may use your vacation/sick once it has accrued.

Payroll Deductions

Payroll deductions are taken from paychecks either as:

- **set amounts (aka Flat Dollar Deductions)**

or

- **calculated amounts based on a percentage of earnings**

Flat Dollar Amount Deductions

Flat Deductions Taken Twice Per Month (24 paychecks)	
Insurance	• Health Insurance • Life & Dependent Life • Accidental Death & Dismemberment • Supplemental Disability • Health Care/Dependent Care
Retirement	• 403(b) or 457(b) if Flat Deduction* (for example, $100/month)
Other	• Legal Insurance • California Casualty • Scholarshare • Loans – Credit Union & 403(b) loans • Transit and Parking, etc.

Percentage Based Deductions

% Deductions Based on Pay (every paycheck)	
Taxes	• Federal • State • OASDI (Social Security) • Medicare
Retirement	• UC Retirement Plan (UCRP) • 403(b) or 457(b) if % Deduction* (for example, 3% of every check)
Other	• Union Dues / Fair Share • Garnishments

**Employees elect 403(b)/457(b) as percentage (%) amount or flat amount*

Payroll Deductions

- **MONTHLY Paychecks**
  - All deductions taken once a month
  - The net of the paycheck is generally the same every month
- **Biweekly Paychecks**
  - 24 Paychecks a year - 2 per month
    - Percent based deductions are deducted from every paycheck
    - Flat dollar deductions are divided and deducted from each biweekly paycheck
  - 2 pay checks (Deduction Holidays) – the net will differ
    - only percent based deductions are deducted

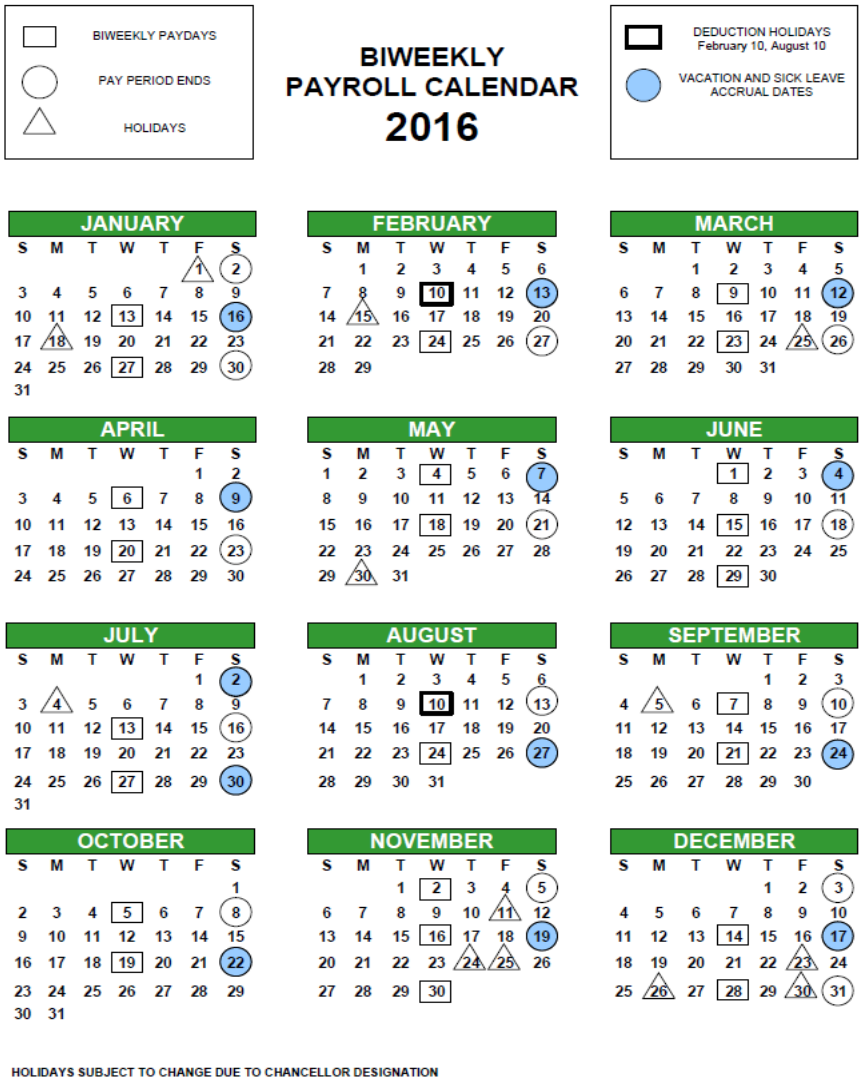
Deduction Holidays

- **There are two times a year when flat dollar deductions are not deducted. Since there are normally 26 biweekly paydays per year and only 24 are needed each year to cover deductions. They are referred to as Deduction Holidays**

- **Indicated on the calendar with a bolded square**

- **A Deduction Holiday occurs when three biweekly <u>pay period end dates</u> fall within the same month**

Biweekly Calendar-Deduction Holiday



For 2016, the deduction holidays are February 10 and August 10, 2016. For 2017, the deduction holidays are January 11 and August 9, 2017.

Only the following deductions will be taken:

- OASDI
- Medicare
- Federal and State income tax
- % based deductions (i.e. 403b, union dues)

These are indicated on the calendar with a **bolded square**

Sample Employee: Monthly

Employee Name: Brian monthly
Works 100% Time

Monthly ESTIMATE

Pay Period: June 1 to June 30
Check Date: June 30, 2016
Gross Pay: $3,471.00
30 days in pay period

Deductions:

HLTH NET HMO	$72.91
PARKING PTX	$70.00
UCRP	$102.48
MEDICARE	$48.26
OASDI	$206.35
TD 403B FLAT	$100.00
FEDERAL TAX	$400.17
CA STATE	$112.06
SUPPL LIFE	$4.54
DEP LIFE INSUR	$3.78
AD&D INSUR	$7.20
SUPPL DIS	$30.54
ARAG LEGAL	$13.78
CX FAIR SH	$16.49
Net Pay:	**$2,282.44**

Monthly Gross Salary: $3,471.00

Annual Gross Salary: $41,652.00

Hourly Pay Rate: $19.95
(Annual Salary/2088 hours)

Monthly Compared to Biweekly

Employee Name: Brian biweekly
Annual rate = $41,652 hourly rate = $19.95
BW Estimate reflects pay for 80 hours* (80 x 19.95 = $1596)

Monthly ESTIMATE

Pay Period: Mar-1 to Mar-31
Check Date: March 31
Gross Pay: $3,471.00
31 days in pay period

Deductions:

HLTH NET HMO	$72.91
PARKING PTX	$70.00
UCRP	$102.48
MEDICARE	$48.26
OASDI	$206.35
TD 403B FLAT	$100.00
FEDERAL TAX	$400.17
CA STATE	$112.06
SUPPL LIFE	$4.54
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AD&D INSUR	$7.20
SUPPL DIS	$30.54
ARAG LEGAL	$13.78
CX FAIR SH	$16.49
Net Pay:	**$2,282.44**

BW ESTIMATE

Pay Period: Feb-28 to Mar-12
Check Date: March 23
Gross Pay: $1,596.00*
14 days in pay period

Deductions:

HLTH NET HMO	$ 36.45
PARKING PTX	$ 35.00
UCRP	$ 36.86
MEDICARE	$ 21.58
OASDI	$ 92.26
TD 403B FLAT	$ 50.00
FEDERAL TAX	$186.50
CA STATE	$ 55.25
SUPPL LIFE	$ 2.27
DEP LIFE INSUR	$ 1.89
AD&D INSUR	$ 3.60
SUPPL DIS	$ 15.27
ARAG LEGAL	$ 6.89
CX FAIR SH	$ 7.98
Net Pay:	**$1,044.20**

BW ESTIMATE

Pay Period: Mar-13 to Mar-26
Check Date: April 6
Gross Pay: $1,596.00*
14 days in pay period

Deductions:

HLTH NET HMO	$ 36.46
PARKING PTX	$ 35.00
UCRP	$ 55.86
MEDICARE	$ 21.58
OASDI	$ 92.26
TD 403B FLAT	$ 50.00
FEDERAL TAX	$183.65
CA STATE	$ 53.74
SUPPL LIFE	$ 2.27
DEP LIFE INSUR	$ 1.89
AD&D INSUR	$ 3.60
SUPPL DIS	$ 15.27
ARAG LEGAL	$ 6.89
CX FAIR SH	$ 7.98
Net Pay:	**$1,029.55**

Planning Your Transition

Planning Your Transition

- Review your personal financial situation and plan accordingly
- Estimate your biweekly pay and your income needs during November and December
- Review any automatic payments you have scheduled with your bank or financial institution
- Consider Transition Assistance Vacation Cash Out Program

Transition Assistance Vacation Cash Out Program

What is it?	The University is offering a one-time opportunity for you to cash out up to 80 hours of accrued vacation leave.
What is required?	You must have the hours in your vacation bank.
How will the vacation cash out be calculated?	Cash out value = (hourly rate x vacation hours). It will be paid as part of your normal paycheck where it will be subject to taxes and percentage based deductions.
When can I request it?	Check with your local payroll office about the program request period.
How many requests can I submit?	Maximum of one request during the program request period.
Who do I make the request to?	The application form for a vacation payout should be sent to your local payroll office.
When do I receive the cash out?	Receipt will depend on when your request is received and processed. Check with your local payroll office.

Time Reporting Obligations

- Non-exempt, overtime eligible employees must track and record the number of hours worked on a daily basis and the total number of hours worked during a workweek
- Supervisors may be asked to review and approve time records at the end of a workweek or pay period
- Locations should follow local procedures regarding timekeeping and University policies regarding recordkeeping and retention

Resources

- **Available on HR website:**
  - FAQs
  - Link to the Payroll Biweekly Pay Schedule Calendars
  - Transition Assistance Vacation Cash Out Program request form

Appendix

Vacation & Sick Leave Accruals

- The biweekly leave accrual period is four (4) weeks. For full time employees, this means that the vacation/sick accruals are based on 160 hours per leave accrual period.
- Leave accrual is based on an hourly factor
- Information on hourly factors for policy covered staff can be found in PPSM-2.210: Absence from Work, Section VII.2