KEY ADMINISTRATORS AT UC SAN DIEGO (Including Health Sciences)

SUBJECT: Department of Labor’s (DOL) Final Rule on the Fair Labor Standards Act (FLSA) Governing Overtime

The Department of Labor's Final Rule, effective December 1, 2016, will significantly increase the minimum salary level generally required for exemption from minimum wage and overtime obligations. The revised rule governs overtime exemptions for executive, administrative and professional employees and increases the amount of salary an employee must receive to qualify for the overtime exemption.

Below is a chart highlighting the current and new thresholds for exempt employees:

<table>
<thead>
<tr>
<th>Cycle</th>
<th>Current Threshold</th>
<th>New Threshold</th>
<th>Change Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly</td>
<td>$455</td>
<td>$913</td>
<td>$458</td>
</tr>
<tr>
<td>Bi-Weekly</td>
<td>$910</td>
<td>$1,826</td>
<td>$916</td>
</tr>
<tr>
<td>Monthly</td>
<td>$1,972</td>
<td>$3,956</td>
<td>$1,984</td>
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</tbody>
</table>
In addition, the DOL is mandating the salary thresholds be increased every three years with the next increase occurring on January 1, 2020.

Under FLSA, an individual salary must satisfy the following three criteria to qualify as exempt from the FLSA’s minimum and overtime pay requirements:

• The employee must earn a consistent weekly salary.

• That salary must be at least the amount specified by the DOL, which will be $913 per week (as shown above we would follow the requirements).

• The employee’s primary duties must be consistent with executive, professional or administrative positions, as defined by the DOL.

In partnership, the VC Health Sciences and Campus Human Resources offices have identified approximately 478 staff employees who will be impacted by the new rule. This includes 441 represented and approximately 37 non-represented employees. The majority of these employees are covered by the UPTE Research Unit (UPTE-RX). UC Office of the President has notified UPTE-RX on September 21, 2016 regarding this impact to their members.

In addition, Academic Personnel has identified approximately 110 non-faculty academic employees who do not currently meet the DOL salary threshold. The FLSA implementation plan for postdoctoral scholars and represented librarians will be handled in collective bargaining. Both the AFT and UAW were notified on September 21, 2016 that some part-time academic personnel positions will be reclassified as nonexempt.

Per a UC system wide agreement, Junior Specialists and Staff Research Associate 2 positions’ salary ranges will not be changed; therefore, the payroll titles will be reclassified as non-exempt.

The new salary level may also affect some managers, athletic coaches, rehired retirees and other employees who hold part-time appointments that do not qualify for the professional teaching exemption and may earn a salary that falls below the increased salary level.

VCHS and campus HR offices will continue to assess the impact to
San Diego. Departments will be contacted during the month of October with the names of the employees who will be affected.

The transition to nonexempt biweekly pay will take place on November 20, 2016, the start of the pay cycle covering December 1, 2016.

To help employees affected by the transition, we will offer a vacation cash out program, as well as an emergency loan program through an identified credit union.

More information will be available on BLINK prior to the transition, including frequently asked questions and answers.

Campus HR and Payroll offices are partnering and will be attending VC HR Contact meetings to go over this information and answer questions. In addition, Academic Personnel will hold special information sessions in the coming month. Communication notices that have been prepared to notice the affected non-represented employees, informing them of their overtime exemption status change and pay schedule change (from monthly to biweekly) will be shared at these meetings along with FAQ sheets and other implementation guides.

For further information about the DOL’s final rule, please contact Courtney Morris at comorris@ucsd.edu for VCHS employees (including the medical center employees), Caprece Speaks-Toler at cspeaks@ucsd.edu for campus staff employees, and Kelly Maheu at kmaheu@ucsd.edu for academic employees.

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