

U.S. Department of Labor's FLSA Regulations
Indiana University's Compliance and Conversion Activities

Indiana University will have to change a meaningful number of positions from exempt to nonexempt status to comply with the U.S. Department of Labor's new FLSA regulations. Employees in the positions classified as FLSA nonexempt status will be eligible for overtime pay for work in excess of 40 hours in a work week.

Indiana University is committed to preserving general personnel policies and benefit program coverages for employees affected by the above FLSA status changes. To fulfill this commitment in the best possible manner, and after much consideration, the University will be establishing the following policies:

1. New Variations in Professional Staff Positions

The current Professional Staff category would be reconfigured to include the following:

a. Professional Staff, Exempt (*current*)

- Position classification characterized as work that meets all FLSA exemption criteria
- PA personnel policies
- PA benefit program coverages
- Monthly salary, paid through the University's monthly payroll cycle
- Not eligible for overtime

b. Professional Staff, Overtime Eligible (*new*)

- Position classification characterized by one of the following distinguishing features, considered FLSA nonexempt work: 1) complex administrative support activities for a recognized department, including the management of administrative support functions and responsibility for acting on behalf of the department head to finalize a variety of fiscal, purchasing and personnel transactions, 2) complex student services administrative support activities for a recognized student administration function, 3) primary function of working supervisory activities, with significant on-going full-performance supervision responsibility for other appointed Staff employees (not intended for positions primarily performing lead responsibilities or supervision of Hourly employees nor is it intended for positions that includes supervision of others incidental to other primary duties), and 4) primary duties would otherwise be consistent within the FLSA Duties test for exemption, except position is a bona fide trainee (incumbent is expected to progress to full performance level work after a reasonable training period that is consistent with the norm for such work and which is expected to be concluded in a period of no more than two years.)
- PA personnel policies, except for modifications needed for the below provisions
- PA benefit program coverages, including the IU Retirement Plan and a PTO plan with bi-weekly accrual rates
- Hourly rate of pay, paid through the University's bi-weekly payroll cycle
- Overtime eligible, with one and _ times pay or comp time

c. Professional Staff, Salaried Overtime Eligible (*new*)

- Position classification characterized by one of the following distinguishing features, considered FLSA nonexempt work: 1) part-time positions performing exempt status work and the employees' weekly salary does not meet the FLSA Salary Level test for exemption status and 2) specific full-time jobs where the work is highly seasonal
- PA personnel policies, except for modifications needed for the below provisions
- PA benefit program coverages, including the IU Retirement Plan and a PTO plan with bi-weekly accrual rates
- Weekly salary, paid through the University's bi-weekly payroll cycle
- Overtime eligible, with _ times pay

2. Grandfathered Benefit Coverages

For employees in positions affected by the above FLSA review, not otherwise classified as Professional Staff, the following benefit program exceptions would be implemented:

- IU Retirement Plan – the employee would be allowed to remain in the IU Retirement Plan, at the current IU contribution rate, or change to the PERF retirement plan, which ever retirement plan the employee chooses; with no time limit for making a final choice. If the employee elects to participate in the PERF retirement plan, that employee would not be allowed to switch back to the IU Retirement Plan unless subsequently appointed to a position normally covered by that plan.
- Paid Time Off plans – the employee would be enrolled in the normal Vacation and Income Protection leave plans provided to nonexempt Staff positions, except that the Vacation plan would be modified to provide paid leave accrual rates similar to the PTO plan for the affected employee; Vacation leave accruals would be increased at appropriate years of IU service to reflect similar accruals in the PTO plan for affected employees.

Each of the above policy changes will require meaningful modifications to the University's HRMS system, personnel policy and benefit plan document amendments and employee communications.

Employees and positions affected by the above FLSA review would be changed to the appropriate new status effective early February 2005. This extended implementation period allows time for the University to deploy the needed system and policy changes and time for affected employees to plan for a change in payroll processing from a monthly to a bi-weekly cycle.

New positions and positions reviewed as part of a normal classification study may be classified as Professional Overtime Eligible or Professional Salaried Overtime Eligible, if the associated duties and responsibilities are consistent with the distinguishing classification characteristics.