

**AGENDA ITEM #XII-A-1
NOVEMBER 15, 2016
HIGHLAND COMMUNITY COLLEGE BOARD**

**COMPENSATION ADJUSTMENTS REQUIRED TO COMPLY WITH THE NEW
FEDERAL FAIR LABOR STANDARDS ACT (FLSA) REGULATIONS UNDER THE
DEPARTMENT OF LABOR (DOL)**

RECOMMENDATION OF THE PRESIDENT: That the Board of Trustees approves increasing the compensation to \$47,476 for the Student Advisor/Transfer Coordinator, Thedford Jackson, and the Coordinator HRIS and Staff Development, Christie Lewis, and increases to \$44,679 for Student Advisors Heather Moore and Vicki Schulz, effective November 21, 2016, in order to comply with the DOL's new salary threshold regulations.

BACKGROUND: The College is subject to the Fair Labor Standards Act (FLSA) administered by the U.S. Department of Labor (DOL). This Act establishes, among other things, each position's eligibility for the payment of overtime. In May 2016, the DOL published its final rule revising the overtime exemption regulations of the FLSA, with which all employers must comply, and making millions of exempt employees in the country eligible for overtime pay. The final overtime rule includes an exempt employee salary threshold of \$47,476 (\$913 per week) – less than the proposed rule's \$50,440 but double the old threshold of \$23,660 (\$455 per week). The salary threshold will be updated every three years to keep up with inflation. Employers must be in compliance by December 1, 2016. Since December 1 falls on a Thursday on the second week of a two-week pay period, the advice of DOL as well as the College and University Personnel Association (CUPA-HR), the Society of Human Resource Management (SHRM), and various attorney opinions is to make the change effective on the first date of the pay period in which December 1 falls so as to not alter the exemption status in the middle of a pay week and pay period.

The College reviewed professional positions with incumbent salaries above \$23,660 and below \$47,476. To form a decision for each position, the College studied the following:

- overtime needs of the positions
- duties and responsibilities along with consideration of which positions met the academic and teaching exemptions outlined for higher educational institutions under the new regulations
- current salaries and the budgetary impact to the College if raised to the threshold versus paying overtime
- ability to flex hours so incumbents of positions could keep hours at 40 per week, limiting overtime costs
- cost of hiring additional staff to limit overtime and/or to cover responsibilities of staff

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- the impact of possible changes with supervisors' salaries and others in the job families related to compression and inequity

The College has 14 full-time professional exempt positions within this range. Out of the 14 positions:

- Four positions are being recommended for salary adjustments:
 - Two recommendations to raise the position salary to DOL salary threshold, remaining exempt.
 - Two recommendations to raise position salary to an academic administrative personnel exemption level, remaining exempt.
- Two positions will have no change and will remain exempt at their current salary level under the teaching exemption for higher education as defined by the DOL.
- Eight positions will remain salaried professional at their current salary level and change their exemption to non-exempt status, eligible for overtime pay under FLSA effective November 21.

New non-exempt employees and their supervisors have gone through sessions with HR for a better understanding of what being non-exempt means and what will be different as a non-exempt. The decisions recommended to the Board by the College are not a reflection of how the College views the employee or their performance. The changes are the result of a mandate by federal law, not a discretionary decision by the College. We regret the inconvenience this mandate has caused for some of our employees and appreciate the value each of the impacted employees brings to the College.