



OFFICE OF THE PRESIDENT  
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October 7, 2016

EXECUTIVE VICE CHANCELLORS/PROVOSTS  
VICE CHANCELLORS OF RESEARCH  
VICE CHANCELLORS OF ADMINISTRATION  
CONTROLLERS

Dear Colleagues:

We write to update you on the University's implementation of the Department of Labor's new overtime rule and imminent changes to overtime eligibility and pay schedules for many University staff and academic personnel.

As you know, the United States Department of Labor (DOL) has approved a change in the federal Fair Labor Standards Act (FLSA) that will significantly increase the number of UC employees eligible for overtime pay, effective December 1, 2016. The revised rule increases the minimum salary threshold for exempt employees from \$455/week (approximately \$23,660/year) to \$913/week (approximately \$47,476/year). In addition, the DOL is mandating subsequent increases in the minimum salary threshold every three years, with the first increase occurring on January 1, 2020. For 2020, the DOL estimates the minimum salary will be approximately \$51,168/year.

To comply with the DOL's new overtime rule, the University of California will take the following approach: (1) Junior Specialists and Staff Research Associate 2 will be reclassified as non-exempt, (2) the minimum salary for the assistant rank in the specialist series and coordinators of public programs will be raised to maintain their overtime-exempt status, and (3) all staff and academic personnel, including rehired retirees and part-time employees, who do not qualify for the professional teaching exemption and who earn less than \$913 per week, will be reclassified as non-exempt and paid on an hourly basis. This is because an employee must earn at least \$913 in each week in which they perform any work regardless of the number of days or hours worked to qualify for the exemption under the FLSA.

Due to certain exemptions under FLSA, it will remain the case that some University employees will remain overtime-exempt even if they earn a salary that is below the new salary level. For example, University employees whose primary duty is teaching will be unaffected by this rule no matter how much they earn, because the minimum salary threshold requirement does not apply to bona fide teachers. This exemption from the salary basis test also applies to many University coaches, who have the primary duty of teaching or instructing student athletes. If a coach is primarily engaged in administrative duties, then the salary threshold must be applied. Additionally, the DOL does not consider undergraduate and graduate students engaged in research or extracurricular activities as employees, and therefore they are not subject to the minimum wage or overtime requirements of the FLSA.

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

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UPTE was notified on September 21, 2016 that employees in the Staff Research Associate 2 title will be eligible for overtime beginning November 20, 2016. We will enter into effects bargaining around local time reporting requirements.

The FLSA implementation plan for postdoctoral scholars and represented librarians will be handled in collective bargaining with both groups. The AFT and UAW were also notified on September 21, 2016 that some part-time academic personnel will be reclassified as non-exempt.

To help employees who may need assistance during the transition, we plan to offer a vacation cash-out program for affected staff and academic personnel.

Interim Executive Director Lee will work with Academic Personnel Directors, and Director Weinstein will work with Chief Human Resources Officers and Compensation Managers to implement the new FLSA regulations for academic and staff personnel by November 20, 2016. In the meantime, if you have questions, you may contact your local Human Resources or Academic Personnel Offices.

Sincerely,



Dwaine B. Duckett  
Vice President for Human Resources



Susan L. Carlson  
Vice Provost for Academic Personnel and Programs

cc: President Napolitano  
Chancellors  
Laboratory Director Witherell  
Provost and Executive Vice President for Academic Affairs Dorr  
Chair Chalfant  
Executive Vice President and Chief Operating Officer Nava  
Executive Vice President Stobo  
Vice Chair White  
Vice President Ellis  
Vice President Humiston  
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Chief Human Resources Officers  
Compensation Managers  
Council of Graduate Deans  
Council of University Librarians  
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Executive Director Larsen  
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