October 10, 2016

ACADEMIC PERSONNEL DIRECTORS

RE: 2016 Transition Assistance Vacation Cash Out Program

Dear Colleagues:

We recently sent out information about a change in the federal Fair Labor Standards Act (FLSA) that will increase the number of UC academic personnel eligible for overtime pay. Affected academic personnel will convert to non-exempt, overtime-eligible status, and there will be a change in the timing of their normal pay period from monthly to biweekly. Affected academic personnel will receive their first biweekly paycheck for the pay period November 20 through December 3, 2016 on December 14, 2016.

To minimize possible financial hardship resulting from this transition, the Executive Vice Chancellors/Provosts endorsed a 2016 Transition Assistance Vacation Cash Out Program to allow a cash out of up to 80 hours of accrued vacation for those academic personnel who experience financial hardship as a result of their transition from a monthly pay schedule to a biweekly pay schedule on November 20, 2016. Academic personnel participating in this program will have their existing vacation accrual balances reduced by the number of hours they choose to cash out.

Please develop local guidelines to implement this 2016 Transition Assistance Vacation Cash Out Program and application form. A model application form for eligible academic personnel to apply for this program is attached. Costs of implementing this program are the responsibility of each location.

If you have questions, please contact Interim Executive Director Amy Lee in my office at (510) 987-9503 or at amyk.lee@ucop.edu.

Sincerely,

[Signature]
Susan L. Carlson
Vice Provost
Academic Personnel and Programs

Attachment
2016 Transition Assistance Vacation Cash Out Program Sample Application Form
ACADEMIC PERSONNEL DIRECTORS
October 10, 2016
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cc: Provost and Executive Vice President Dorr
    Executive Vice President and Chief Operating Officer Nava
    Executive Vice President Stobo
    Academic Council Chair Chalfant
    Vice President Humiston
    Vice President Duckett
    Vice Provosts Academic Personnel/Academic Affairs
    Associate Vice President Nation
    Interim Associate Vice President Alcocer
    Council of Graduate Deans
    Council of University Librarians
    Interim Executive Director Lee
    Director Chester
    Director Lockwood
    Director Henderson
    Director Weinstein
    Manager Ruiz
    Data Coordinator Sykes
    Analyst Huang
    Principal Analyst Espinoza
    HR/AP Lead Park
Academic Personnel Office Implementation Guidelines

Compliance with Department of Labor Increase in Minimum Salary Threshold: Salary Scale Increases and Reclassification to Non-exempt Academic Appointees

Salary Scale Increases for Full-Time Academic Appointees to Remain Exempt

Beginning on November 20, 2016, the bottom steps of the salary scales for Assistant Specialists and Coordinators of Public Programs will be raised to above $3,956.34 per month (or $47,476 per year) so they can remain exempt. If the academic appointee is paid by grants and the PI cannot afford the salary increase, the PI may need your assistance to end the appointment early (layoff) or implement a reduction in time that might require the academic appointee to move from overtime exempt to non-exempt and overtime-eligible.

Postdoctoral scholars are currently in collective bargaining but it is also expected that their salaries will also be raised to above $3,956.34 per month (or $47,476 per year). Please consult the terms of their MOU once ratified. Update: Their salaries will be raised to meet the minimum effective December 1, 2016.

Please note that the salary for academic year academic coordinators will not be raised because the current salary level when adjusted for 12-months is greater than $47,476.

Reclassification to Non-Exempt: Junior Specialists and Part-Time Academic Appointees Below the Department Of Labor Salary Threshold

Beginning on November 20, 2016, certain non-teaching and non-medical academic appointees who are currently exempt from earning overtime will be reclassified as non-exempt because their earnings fall below the new Department of Labor (DOL) overtime threshold of $913 per week (monthly exempt salaried employees must be paid at least $3,956.34 per month to remain exempt).

- The University must comply with the DOL rule by December 1, 2016
- To facilitate a smooth transition, the University has chosen to implement the necessary measures to comply on November 20, 2016, which is the first day of a biweekly pay period

These Implementation Guidelines are intended to assist with the transition from exempt to non-exempt status. If you have further questions, please contact apomail@ucr.edu.

1. New title codes have been issued for non-exempt academic appointees. Payroll guidelines and instructions regarding the new non-exempt title codes will be provided at a later date.
2. Appointees determined to be non-exempt:
   a. They must be appointed in the appropriate non-exempt version of their title effective November 20, 2016.
b. New appointment letters (consistent with APM – 137) must be issued and include the appropriate hourly rate of pay. See attached template.
c. Their current monthly salaried appointments must be ended effective November 19, 2016.
d. As of November 20, 2016, non-exempt appointees will be paid biweekly on an hourly basis. These appointees will receive their last monthly salaried basis partial paycheck on December 1 for work between November 1 through November 19.
   i. It is important that appointees review their personal budget situation, automatic bill pay, and deductions to plan for the biweekly pay conversion.
e. The 2016 Transition Assistance Vacation Cash Out Program offers eligible appointees who are transitioning from a monthly to a biweekly pay cycle an option to assist them in meeting their financial obligations during the transition period. Affected eligible appointees may apply for a vacation accrual cash out payment. Completed and signed applications should be submitted to Payroll, on the attached form.
f. Appointees transitioning from monthly to biweekly pay will have factor accrual of vacation and sick leave, rather than table accrual.

3. Appointees who will be classified as non-exempt and overtime eligible include all Junior Specialists, as well as part-time appointees in specific titles (i.e., research and academic administrative titles - see Appendix) whose earnings fall below $913 per week. New non-exempt title codes and salary scales with the hourly rates will be issued for most impacted titles. For other research and academic administrative titles that do not have a non-exempt title code, manual adjustment of their FLSA status will be required.

4. How to Determine FLSA Status:
   a. As mentioned above, all Junior Specialists will be non-exempt and eligible for overtime as of November 20, 2016.
   b. Non-instructional appointees whose earnings fall below the threshold will be non-exempt.
   c. To help in determining if a part-time employee’s earnings are likely to fall below the threshold, please see the attached Excel workbook. This tool identifies for each affected series, rank and step the minimum percentage of effort at which an appointee’s earnings would be expected to meet or exceed the annual threshold.
   d. Note that the FLSA salary threshold tests whether the appointee earns at least $913 per week. Therefore, annual pay rate and percentage of appointment are only general guides to determining FLSA status; actual regular earnings must also be monitored.
   e. Please note that percentage of effort threshold calculations for titles with salary ranges, and for appointees paid off- or above-scale, must be done separately.
   f. Also note that other factors of an appointee’s employment may affect FLSA status, including whether the appointee holds multiple concurrent appointments in different titles, or receives a regular stipend that increases weekly earnings.

5. Appointees with fluctuating appointment percentages may be non-exempt.
   a. For an exempt appointee, temporary reductions in appointment at the employee’s request may not affect FLSA status; see FMLA instructions for further information.
b. If an appointee’s percentage of time is reduced for funding reasons or other business reasons, this may trigger a switch to non-exempt status.

c. Frequent shifts from exempt to non-exempt status are inadvisable; it is a great inconvenience to the appointee to shift from monthly to biweekly pay and back again, and it could jeopardize UC’s compliance with FLSA regulations.

   i. If available funding is expected to be insufficient to guarantee an appointee will remain above $913 per week for the entire fiscal year, that appointee should be classified as non-exempt and overtime eligible.

6. Appointees on Leave

   a. Exempt appointees on leave are generally not required to be reclassified as non-exempt.

   b. Exempt appointees whose earnings fall below the threshold because they are on partial leave without pay may potentially retain their exempt status.

7. Multi-location appointments

   a. If an appointee holds concurrent appointments at more than one UC campus/location, then the appointee’s primary duties as well as earnings from both locations must be taken into account when determining FLSA status.

8. The teaching exception and split appointments

   a. Under the FLSA, a University employee can only have one FLSA status, overtime exempt or non-exempt/overtime eligible. In determining whether an employee with multiple appointments is exempt or non-exempt, the University must review the appointee’s primary duty for the University. Appointees with below-threshold earnings who hold part-time research/administrative appointments and concurrent teaching appointments may be classified as exempt or non-exempt, depending on the individual’s primary duty. For an employee to be designated as exempt, the appointee’s primary duty at the University should be the performance of exempt tasks.

9. Without salary appointments

   a. Generally, if the without salary appointee is not earning compensation from UC, they are not considered an employee covered by the Fair Labor Standards Act.

   b. Holding a without salary teaching appointment does not by itself automatically mean that an appointee is exempt (per the FLSA teaching exception).

      i. An administrative/research appointee with below-threshold earnings will be classified as non-exempt, even if they hold a WOS teaching appointment.

10. Affiliate appointments

    a. The terms of the affiliation agreement between UC and the affiliate govern the employment status of UC faculty placed at affiliate institutions. However, the affiliation agreement will not always be available to you for review.

    b. If the UC faculty member is not earning compensation from UC, and placed at an affiliate institution, they are not considered a UC employee covered by the Fair Labor Standards Act.

    c. If the UC faculty member is earning compensation from UC, and placed at an affiliate institution, they are considered a UC employee covered by the Fair Labor Standards Act.
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d. HHMI/Ludwig appointees continue to be defined as employees of HHMI/Ludwig; however, if an affiliate employee holding a without salary UC faculty title who is appointed to an administrative title does not by itself automatically mean that an appointee is exempt (per the FLSA teaching exception).
   i. An administrative/research appointee with below-threshold earnings will be classified as non-exempt, even if they hold a WOS teaching appointment.

e. UC faculty with split appointments, i.e., those with 5/8th VA and 3/8th UC appointments may be classified as exempt or non-exempt, depending on the individual’s primary duty. For an employee to be designated as exempt, the appointee’s primary duty at the University should be the performance of exempt task (see #8 above).

11. Recall appointments
   a. Faculty Recalls are exempt, due to the teaching exception.
   b. Non-faculty Recalls are exempt or non-exempt, depending on the duties performed and salary earned.

12. Advising PIs/Supervisors
   a. As hourly-paid employees, non-exempt appointees must record their time on a daily basis and submit timesheets to report their hours for each biweekly pay period, and the supervisor will be required to review and approve the hours reported every other week.
      i. Provide supervisors with the appropriate method of timekeeping, whether in electronic or paper format and review with them the expectations as to timekeeping and record retention.
   b. The work week is defined as Sunday through Saturday.
   c. Time worked as well as vacation leave and sick leave hours taken must be recorded in increments of ¼ hour (15 minutes).
   d. Non-exempt appointees will be paid for all hours (and partial hours) worked.
   e. Overtime and time worked beyond appointment percentage
      i. Part-time appointees who work more than their stated appointment percentage, but less than 40 hours in a week, will receive pay for the extra hours (or partial hours) worked at their straight-time hourly rate.
      ii. A non-exempt appointee will receive pay at 1.5 times their hourly rate for any time worked in excess of 40 hours in a week, regardless of their appointment percentage.
      iii. Overtime will be compensated in pay unless your campus allows for compensatory time arrangements (“comp time”).
      iv. All overtime/additional time worked in excess of appointment percentage must be approved in advance by the supervisor.
         1. If an appointee submits a timesheet that reports non-approved time, they still must be paid for that time.
         2. However, working unapproved overtime/additional time can be cause for disciplinary action. Also, if an appointee is regularly working overtime/additional time, the appointee’s appointment percentage should be adjusted.
f. Other compensable time for non-exempt appointees includes:
   i. *Donning and Doffing.* Time spent changing into or out of protective clothing or engaging in special washing or cleaning procedures is considered time worked.
   ii. *Travel Time.* If the appointee does not have regular working hours, the supervisor will assign regular work hours for any workweek during which travel will occur for the purpose of identifying and tracking compensable travel time. The travel during the appointee’s regular working hours is considered time worked. Travel time outside of the assigned regular work hours is not time worked, unless actual work is performed during that time. *See PPSM 30 for more information.*
   iii. *Rest Breaks.* The University makes accommodation for breaks during the work day. Meal breaks are not considered compensable time (i.e., a lunch break should not be recorded as time worked).
# APPENDIX A: NON-EXEMPT ACADEMIC TITLE CODES

63 new non-exempt title codes in 12 new compensation groups have been created, effective date 11/20/2016:

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<td>ACT ACADEMIC COORD NEX</td>
</tr>
<tr>
<td>3176</td>
<td>RES-SFT NEX</td>
</tr>
<tr>
<td>3178</td>
<td>VIS RES NEX</td>
</tr>
<tr>
<td>3186</td>
<td>ASSOC RES-SFT NEX</td>
</tr>
<tr>
<td>3188</td>
<td>VIS ASSOC RES NEX</td>
</tr>
<tr>
<td>3196</td>
<td>ASST RES-SFT NEX</td>
</tr>
<tr>
<td>3198</td>
<td>VIS ASST RES NEX</td>
</tr>
<tr>
<td>3255</td>
<td>POSTDOC-EMPLOYEE NEX</td>
</tr>
<tr>
<td>3496</td>
<td>VIS PROJ SCIENTIST NEX</td>
</tr>
<tr>
<td>3497</td>
<td>VIS ASSOC PROJ SCIENTIST NEX</td>
</tr>
<tr>
<td>3498</td>
<td>VIS ASST PROJ SCIENTIST NEX</td>
</tr>
<tr>
<td>3636</td>
<td>LAW LIBRARIAN NEX</td>
</tr>
<tr>
<td>3638</td>
<td>ASST LAW LIBRARIAN NEX</td>
</tr>
<tr>
<td>3640</td>
<td>ASSOC LAW LIBRARIAN NEX</td>
</tr>
<tr>
<td>3665</td>
<td>VIS LIBRARIAN NEX</td>
</tr>
<tr>
<td>3812</td>
<td>RECALL NON-FACULTY ACAD NEX</td>
</tr>
</tbody>
</table>
Supervisor/Manager Fact Sheet

Compliance with Department of Labor Increase in Minimum Salary Threshold: Salary Scale Increases and Reclassification to Nonexempt Academic Appointees

Salary Scales Will Increase so that certain Full-Time Academic Appointees will Remain Exempt

Beginning on November 20, 2016, the bottom steps of the salary scales for Assistant Specialists and Coordinators of Public Programs will be raised to above $3,956.34 per month (or $47,476 per year) so they can remain exempt. If the academic appointee is paid by your grants and you cannot afford the salary increase, you may need to end their appointment early (layoff) or implement a reduction in time that might require the academic appointee to move from overtime exempt to non-exempt and overtime-eligible. You should consult with your grant manager to do budget projections.

Postdoctoral scholars are currently in collective bargaining but it is also expected that their salaries will also be raised to above $3,956.34 per month (or $47,476 per year). Please consult the terms of their MOU once ratified.

Please note that the salary for academic year academic coordinators will not be raised because the current salary level when adjusted for 12-months is greater than $47,476.

Reclassification to Non-Exempt: Junior Specialists and Part-Time Academic Appointees Below the DOL Salary Threshold

Beginning on November 20, 2016, certain non-teaching and non-medical academic appointees who are currently exempt from earning overtime will be reclassified as non-exempt because their earnings fall below the new Department of Labor overtime threshold of $913 per week (monthly exempt salaried employees must be paid at least $3,956.34 per month to remain exempt).

Attached is a list of academic appointees under your supervision who have been determined to be non-exempt because they do not meet the new salary threshold.

This Factsheet is intended to help you administer payroll and recordkeeping for the non-exempt appointees you supervise. If you have further questions, please contact apomail@ucr.edu.

1. Beginning November 20, non-exempt appointees will be reclassified from being paid on a monthly salaried basis to a biweekly hourly basis.
   a. These appointees will receive their last monthly salaried basis partial paycheck on December 1 for work between November 1 through November 19.
   b. They will receive their first biweekly paycheck on December 14, for hours worked between November 20 and December 3.
   c. Their second biweekly paycheck will be on December 28, covering the period from December 4 to December 17.
d. Thereafter, they will be paid every 2 weeks on Wednesday, according to UC’s Biweekly Payroll Calendar.

2. New title codes have been issued for non-exempt academic appointees.
   a. Appointees determined to be non-exempt must be appointed in the appropriate non-exempt version of their title effective November 20, 2016.
   b. Their current monthly salaried appointments must be ended effective November 19, 2016.
   c. New non-exempt salary scales will be issued with an hourly rate.

3. Future appointees who will be non-exempt include all Junior Specialists, as well as part-time appointees in specific titles (see Appendix) whose earnings fall below the weekly threshold.

4. As hourly-paid employees, non-exempt appointees must record their time on a daily basis and submit timesheets to report their hours for each biweekly pay period, and the supervisor will be required to review and approve the hours reported every other week.
   a. Please consult with apomail@ucr.edu regarding the retention of the timekeeping records, whether in electronic or paper format.

5. Non-exempt appointees will be paid for all hours worked.

6. The work week is defined as Sunday through Saturday.

7. Time worked as well as vacation leave and sick leave hours taken must be recorded in increments of ¼ hour (15 minutes).

8. Overtime and time worked beyond appointment percentage.
   a. Part-time appointees who work more than their stated appointment percentage, but less than 40 hours in a week, will receive pay for the extra hours (or partial hours) worked at their regular hourly rate.
   b. A non-exempt appointee will receive pay at 1.5 times their regular hourly rate for any time worked in excess of 40 hours in a week, regardless of their appointment percentage.
   c. Overtime will be compensated in pay unless your campus allows for compensatory time arrangements (comp time).
   d. All overtime/additional time worked in excess of appointment percentage must be approved in advance by the supervisor.
      i. If an appointee submits a timesheet that reports non-approved time, they still must be paid for that time.
      ii. However, working unapproved overtime/additional time can be cause for disciplinary action. Also, if an appointee is regularly working overtime/additional time, please contact apomail@ucr.edu to discuss whether the appointee’s appointment percentage should be adjusted.

9. Other compensable time for non-exempt appointees includes:
   a. *Donning and Doffing.* Time spent changing into or out of protective clothing or engaging in special washing or cleaning procedures is considered time worked.
   b. *Travel Time.* If the appointee does not have regular working hours, the supervisor will assign regular work hours for any workweek during which travel will occur for the purpose of identifying and tracking compensable travel time. The travel during the appointee’s regular working hours is considered time worked. Travel time outside of the assigned regular work
hours is not time worked, unless actual work is performed during that time. See PPSM 30 for more information.

c. Rest Breaks. The University makes accommodation for breaks during the work day. Meal breaks are not considered compensable time (i.e., a lunch break should not be recorded as time worked).
**DOL – Academic Flowchart**

- **Is appointee a Junior Specialist?**
  - Yes: Move to Non-Exempt Biweekly payroll on 11/20/16
  - Yes: New TC
  - Yes: Refer to salary scale for hourly rate
  - Yes: No change to %

- **Is appointee an Assistant Specialist step 1 or 2?**
  - Yes: Change to new salary rate effective 11/20/16
  - Yes: Move to biweekly non-exempt status on 11/20/16
  - Yes: New TC
  - Yes: Refer to non-exempt salary scale for hourly rate
  - Yes: No change to %
  - No: No change required

- **Is appointee full-time (100% effort)?**
  - Yes: Do they meet the threshold?
  - Yes: Move to Non-Exempt Biweekly payroll on 11/20/16
  - Yes: New TC
  - Yes: Refer to salary scale for hourly rate
  - Yes: No change to %
  - No: No change required
  - No: Do they meet DOL threshold?
    - Yes: No change required
    - No: No change required

- **Are they part-time in any other NFA series rank/step?**
  - Yes: No change required
  - No: No change required
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
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

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 1, 2016</td>
<td>Last monthly paycheck issued for work performed November 1 - 19, 2016</td>
</tr>
<tr>
<td>Dec 14, 2016</td>
<td>Paycheck for work performed from November 20 - December 3, 2016</td>
</tr>
<tr>
<td>Dec 28, 2016</td>
<td>Paycheck for full biweekly period of December 4 - 17, 2016</td>
</tr>
</tbody>
</table>
# Pay Cycle Comparison

<table>
<thead>
<tr>
<th></th>
<th>Monthly Pay Cycle</th>
<th>Biweekly Pay Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay Cycle</strong></td>
<td>1&lt;sup&gt;st&lt;/sup&gt; to last day of the month</td>
<td>Sunday to Saturday, two-week period</td>
</tr>
<tr>
<td>Paychecks per Year</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td><strong>Paycheck Date</strong></td>
<td>1&lt;sup&gt;st&lt;/sup&gt; of the month</td>
<td>Every other Wednesday</td>
</tr>
<tr>
<td>Pay for Overtime</td>
<td>Paid one month after earned, or in a separate check</td>
<td>Paid in biweekly check when earned</td>
</tr>
<tr>
<td>Leave Usage</td>
<td>Reported one month in arrears</td>
<td>Reported in the current pay period</td>
</tr>
</tbody>
</table>
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 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

<table>
<thead>
<tr>
<th>Insurance</th>
<th>Health Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Life &amp; Dependent Life</td>
</tr>
<tr>
<td></td>
<td>Accidental Death &amp; Dismemberment</td>
</tr>
<tr>
<td></td>
<td>Supplemental Disability</td>
</tr>
<tr>
<td></td>
<td>Health Care/Dependent Care</td>
</tr>
<tr>
<td>Retirement</td>
<td>403(b) or 457(b) if Flat Deduction* (for example, $100/month)</td>
</tr>
<tr>
<td>Other</td>
<td>Legal Insurance</td>
</tr>
<tr>
<td></td>
<td>California Casualty</td>
</tr>
<tr>
<td></td>
<td>Scholarshare</td>
</tr>
<tr>
<td></td>
<td>Loans – Credit Union &amp; 403(b) loans</td>
</tr>
<tr>
<td></td>
<td>Transit and Parking, etc.</td>
</tr>
</tbody>
</table>
## Percentage Based Deductions

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

*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 pay period end dates fall within the same month.
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**
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)
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**

<table>
<thead>
<tr>
<th>Pay Period:</th>
<th>Mar-1 to Mar-31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check Date:</td>
<td>March 31</td>
</tr>
<tr>
<td>Gross Pay:</td>
<td>$3,471.00</td>
</tr>
<tr>
<td>31 days in pay period</td>
<td></td>
</tr>
</tbody>
</table>

**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

**BW ESTIMATE**

<table>
<thead>
<tr>
<th>Pay Period:</th>
<th>Feb-28 to Mar-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check Date:</td>
<td>March 23</td>
</tr>
<tr>
<td>Gross Pay:</td>
<td>$1,596.00*</td>
</tr>
<tr>
<td>14 days in pay period</td>
<td></td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>Pay Period:</th>
<th>Mar-13 to Mar-26</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check Date:</td>
<td>April 6</td>
</tr>
<tr>
<td>Gross Pay:</td>
<td>$1,596.00*</td>
</tr>
<tr>
<td>14 days in pay period</td>
<td></td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>What is it?</th>
<th>The University is offering a one-time opportunity for you to cash out up to 80 hours of accrued vacation leave.</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is required?</td>
<td>You must have the hours in your vacation bank.</td>
</tr>
<tr>
<td>How will the vacation cash out be calculated?</td>
<td>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.</td>
</tr>
<tr>
<td>When can I request it?</td>
<td>Check with your local payroll office about the program request period.</td>
</tr>
<tr>
<td>How many requests can I submit?</td>
<td>Maximum of one request during the program request period.</td>
</tr>
<tr>
<td>Who do I make the request to?</td>
<td>The application form for a vacation payout should be sent to your local payroll office.</td>
</tr>
<tr>
<td>When do I receive the cash out?</td>
<td>Receipt will depend on when your request is received and processed. Check with your local payroll office.</td>
</tr>
</tbody>
</table>
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
  ▪ Biweekly Pay Schedule Calendars
  ▪ Transition Assistance Vacation Cash Out Program request form
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
Instructions for Using Time and Attendance Reporting System (TARS)
Time and Attendance (TARS)

• General Instructions for using the Time & Attendance Reporting

- The Time & Attendance Reporting System (TARS) was created to automate the time and attendance reporting process and replace the completion of paper timesheets. This document is meant to provide you with a general overview of how to use the system to report your time.

- The time reporting system is available on R’Space or you can visit timesheet.ucr.edu to access the system. Use you net id & password to login. You will be able to access this application from anywhere you have access to the internet - making it convenient to submit your record when due.
From the main menu, select the Edit/Complete Current Timesheet option.

- From the result grid, select the record to edit (current time period)
If a default work schedule has been designated, select Import Default Hours to update the timesheet (Supervisor can submit your default schedule to the Department Time and Attendance Assistants who will prepopulate the schedule for you. This process will allow you to import the hours over without having to add hours manually).
Time and Attendance (TARS)

- If needed, manually add hours worked or leave taken to the timesheet by selecting the Date. From the entry screen, record the Time In, Time Out and Time/Leave type. Remember to account for a lunch if you work 6 hours or more in a day. If you work in multiple locations, you will need to separate the hours per location and by funding source.
Time and Attendance (TARS)

- For eligible employees, TARS will automatically calculate weekly overtime (it does not record daily overtime – see your Payroll staff to process this manually if required)

- Select Save & Exit to complete the entry.

<table>
<thead>
<tr>
<th>Day of Week</th>
<th>Wrk Hrs</th>
<th>Non-Wrk Hrs</th>
<th>Day of Week</th>
<th>Wrk Hrs</th>
<th>Non-Wrk Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunday</td>
<td>0</td>
<td>0</td>
<td>Sunday</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Monday</td>
<td>11</td>
<td>0</td>
<td>Monday</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Tuesday</td>
<td>8</td>
<td>0</td>
<td>Tuesday</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Wednesday</td>
<td>8</td>
<td>0</td>
<td>Wednesday</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Thursday</td>
<td>8</td>
<td>0</td>
<td>Thursday</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Friday</td>
<td>8</td>
<td>0</td>
<td>Friday</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Saturday</td>
<td>0</td>
<td>0</td>
<td>Saturday</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>0</strong></td>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 1</th>
<th>Week 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Hours</td>
<td>43</td>
</tr>
<tr>
<td>Non-Work Hours</td>
<td>0</td>
</tr>
<tr>
<td>Overtime Straight</td>
<td>0</td>
</tr>
<tr>
<td>Overtime Premium</td>
<td>3</td>
</tr>
</tbody>
</table>
Attachments may be uploaded to timesheet records. Click the Browse button and locate the file. Enter the Document Title and select Attach File to complete the process. The attachment and details are recorded below. The file can be accessed by selecting the File Title or File Name.
**Time and Attendance (TARS)**

- Comments may be recorded on the timesheet record. Enter comments and click Save Comments to complete the process.

- The Overview tab on the previously submitted timesheet record provides Employee Information, Balance Information, and Vacation Details.
Time and Attendance (TARS)

- Save and submit to Supervisor

- Employees must route their time record to their Supervisor no later than 5:00pm on the last day to report time. After this deadline, the system automatically “routes” the timesheet to the supervisor (your Supervisor is derived from the Enterprise Directory).

- The system will maintain the time sheets for historical purposes, eliminating the need for paper copies of time records.

- The system was designed to be simple to navigate. However, should you have questions please go to [http://cnc.ucr.edu/tars/usingll.html](http://cnc.ucr.edu/tars/usingll.html) or contact Sherice.underwood@ucr.edu
Question ........................................................................................................................................ Page Number
1. What does it mean to be exempt or non-exempt under the Fair Labor Standards Act (FLSA)? ............... 2
2. Are any positions exempt from the salary basis test? ............................................................................. 2
3. Why is UC changing my FLSA status from exempt to non-exempt and overtime eligible? ................. 2
4. As a non-exempt employee, when am I entitled to overtime? ................................................................. 2
5. Now that I am a non-exempt, overtime-eligible employee, why am I required to record the number of hours I work each day? .................................................................................................................. 2
6. I am currently paid monthly. Will I convert to the biweekly pay schedule? ........................................... 2
7. When will the change from a monthly pay schedule to a biweekly pay schedule take effect? .............. 3
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1. **What does it mean to be exempt or non-exempt under the Fair Labor Standards Act (FLSA)?**

   The federal Fair Labor Standards Act (FLSA) regulates whether an employee is overtime-eligible (“non-exempt”) or overtime-exempt (“exempt”). Most employees covered by the FLSA must be paid at least the minimum wage and premium pay for any hours they work beyond 40 in a workweek. The minimum wage for California is currently $10 per hour. Some localities have adopted higher minimum wages. The FLSA does, however, exempt certain kinds of covered employees from the minimum wage and overtime requirements, including bona fide executive, administrative, and professional employees. To qualify for one of the executive, administrative or professional exemptions, an employee must be paid a predetermined salary that is above a certain amount and meet the applicable duties test.

2. **Are any positions exempt from the salary basis test?**

   Professors, lecturers, tutors and others teachers, doctors, medical residents, veterinarians and attorneys are not subject to either the salary basis or salary level tests. This means that these professionals are considered exempt regardless of the amount they earn for performing services.

3. **Why is UC changing my FLSA status from exempt to non-exempt and overtime eligible?**

   Currently, most employees who are classified as overtime-exempt must earn at least $455 per week, according to the FLSA. Beginning December 1, 2016, to qualify for the executive, administrative or professional exemption, the FLSA requires that an employee earn no less than $913 per week, or $47,476 per year. To comply with this new overtime rule, the University of California has reviewed your position and salary and reclassified you as overtime-eligible.

4. **As a non-exempt employee, when am I entitled to overtime?**

   Non-exempt, overtime-eligible employees must be paid no less than the minimum wage and a premium rate for any hours worked beyond 40 in a workweek. Hospitals are permitted to base FLSA overtime eligibility on either 40 hours in a workweek or 80 hours in a 14-consecutive day work period (the 8/80 option). If the University requires or permits an employee to work overtime, then it is generally required to pay the employee premium pay for such overtime work.

5. **Now that I am a non-exempt, overtime-eligible employee, why am I required to record the number of hours I work each day?**

   The FLSA requires the University to keep certain records for each non-exempt, overtime-eligible employee, including records of the number of hours worked each day and the amount of wages earned. Talk to your manager or supervisor about local time reporting requirements.

6. **I am currently paid monthly. Will I convert to the biweekly pay schedule?**

   If you are re-classified as a non-exempt employee and eligible for overtime, your pay period will change from monthly to biweekly.
7. **When will the change from a monthly pay schedule to a biweekly pay schedule take effect?**

The new non-exempt, overtime-eligible employees will transition to the biweekly pay schedule on November 20, 2016.

Here are the specific pay dates during that period:

- **December 1:** Final monthly paycheck for work performed between November 1 through November 19, full benefits deduction for December 2016
- **December 14:** Full paycheck for biweekly period of November 20 through December 3, first ½ of January 2017 benefits deductions
- **December 28:** Full paycheck for full biweekly period of December 4 through December 17, second ½ of January 2017 benefits deductions

8. **Where can I find the biweekly pay schedule?**

Your local payroll office can provide you with the 2016 and 2017 biweekly payroll schedule calendars.

9. **How many biweekly pay periods are there in a calendar year?**

You will receive a minimum of 26 and a maximum of 27 paychecks in a year. Because biweekly periods do not always line up exactly to the calendar year, there is often a biweekly pay period that crosses over from December to January. As a result, the gross pay reported on an annual W-2 tax form may not exactly match your annualized pay rate, and occasionally there will be 27 periods in one year.

10. **How will my vacation and sick leave accruals be calculated during the transition?**

For staff and academic employees, your accruals are based on your hours on pay status. If the time you work on pay status varies, then so will your accruals. Therefore, a full-time employee should expect to see the same accruals over the course of the year, while a part-time employee’s accruals may vary.

Accruals for biweekly employees are credited at the end of every two pay periods (every four weeks) based on hours on pay status during those two pay periods. Biweekly employees accrue 13 times in a calendar year, compared to 12 times for monthly employees. The accruals for each pay period are therefore smaller, but your annual vacation and sick accrual rate is the same.

During the transition, you will be credited at the end of the monthly November pay period based on the hours worked November 1 through November 19, and credited again in December for the hours worked November 20 through December 17 (the end of the first biweekly accrual period).

11. **How is my hourly rate determined?**

There are two methods you can use to calculate your hourly rate (based on a 40-hour workweek):

- **Method 1:** Take your monthly salary rate and divide by 174 (the average number of working hours in a month). For example, if your monthly salary is $3250 per month: $3250 ÷ 174 = $18.68 per hour.
• **Method 2**: Take your annual salary and divide it by 2088 (the number of working hours in a year). For example, if your annual salary rate is $39,000 per year: \( \frac{39,000}{2088} = 18.68 \) per hour.

12. **What should I do to prepare for the change?**

It is important that you review your personal budget situation and determine your income needs based on the new biweekly pay schedule. In preparation for the conversion, we suggest that you take the following steps:

- Review your current tax withholding elections and make any necessary changes; pay particular attention to additional tax withholding amounts
- Review your current voluntary contributions to your 403(b) and 457(b) plans; see FAQ #18
- If appropriate, request that third-parties adjust your automatic withdrawal or bill pay dates to align with your new pay schedule

13. **What if I have reviewed my situation and find that I will be unable to meet my financial obligations during the transition?**

The University will be offering a Transition Assistance Vacation Cash Out program that allows you to cash out up to 80 hours of your accrued and unused vacation balance to assist you in meeting financial obligations during the transition period.

The University has an arrangement with two credit unions for emergency loans at negotiated rates. Please see this policy link for more information: [http://policy.ucop.edu/doc/3410225/AM-E526-48](http://policy.ucop.edu/doc/3410225/AM-E526-48).

14. **Will I need to make any changes to my direct deposit?**

No.

15. **What is a Deduction Holiday?  How will my deductions be calculated?**

A deduction holiday occurs when there are three biweekly pay periods in a month. During a deduction holiday, no flat-dollar deductions are taken from pay; only percent-based deductions are taken. Typically, deduction holidays occur twice a year, based on pay period end date. Pay dates with deduction holidays can be found on the biweekly pay schedule calendars.

16. **I have a garnishment deduction. How will the transition to biweekly pay affect the amount deducted for my garnishment?**

If the garnishment deduction is calculated as a percentage of your earnings, a deduction will occur each pay period, up to the maximum deduction allowed based on federal and state regulations. For example, if your garnishment deduction is 25% of your pay, that amount will be deducted each payday.

If the garnishment deduction is a fixed amount, the amount will be recalculated to a biweekly amount. That calculation is then divided into two payments. For example, a monthly $250 garnishment payment will become $125, deducted during each biweekly paycheck.
17. When is my retirement deduction taken?

The UC mandatory retirement contributions, University of California Retirement Plan and the Defined Contribution Plan, are taken each biweekly payday.

18. I contribute to my 403(b) and 457(b) plans. When will my contributions be taken?

**Percentage deduction:** If you set up your contributions as a percentage deduction, the percentage amount will be taken each paycheck (26 times a year). For example, if your current 403(b) contribution is 5% per month, a 5% contribution will be made each biweekly payday.

**Flat Dollar deduction:** If you set up your contributions as a fixed flat dollar amount, the flat dollar amount will be split in half, and one-half will be withheld per biweekly payday. For example, if your current 403(b) contribution is $100 per month, it will be divided into a $50 contribution each biweekly payday. For months with three paychecks, one paycheck will have no fixed flat dollar deductions taken.

19. What if I pay some of my bills through automatic bill pay?

If you have automatic bill pay set up for any regular expenses, such as mortgage payments, student loan payments or car payments, we encourage you to work directly with your financial institution(s) to change payment dates as needed. As a biweekly employee, your pay dates vary since you are paid every other Wednesday.

20. Will I need to make any changes to my tax withholding?

If you have an additional tax amount deducted from your paycheck, that monthly amount will be split in half, and one-half will be withheld from each biweekly check. If you would like to adjust your additional withholding amount, please go to the [At Your Service website](https://www.atyourservice.ucr.edu) and review and/or update your W-4/DE-4 Form. For other tax questions, please consult IRS and State Franchise Tax Board websites or contact a tax professional for help. For other tax questions, please consult IRS ([https://www.irs.gov/](https://www.irs.gov/)) and State Franchise Tax Board (for California: [https://www.ftb.ca.gov/](https://www.ftb.ca.gov/)) websites or contact a tax professional for help.

21. Who should I contact if I have questions regarding my FLSA classification or the biweekly pay cycle conversion?

If you have questions for which you need immediate assistance, please contact your supervisor or local staff human resources or academic personnel office ([apomail@ucr.edu](mailto:apomail@ucr.edu)).
I. POLICY SUMMARY
The UC Emergency Loan Program (Employee Emergency Loan Fund Policy, E-526-48) has been rescinded and replaced by two external credit unions who will offer a similar program to our UC employees.

Background: The University has had an employee emergency loan program since 1970 when The Regents approved the establishment of an emergency loan fund for employees on the campuses. The purpose of the fund was to provide loans to University employees who have an immediate need for funds as the result of an emergency and have no other source of money available within the time necessary to act, or who have a direct personal financial hardship.

In lieu of offering this program internally, we have contracted with two external suppliers who will provide a similar program to our employees. The two credit unions are USE Credit Union and University Credit Union. Both suppliers have UC negotiated interest rates, are in complete compliance with the Truth in Lending requirements, and will provide online application tools for employees to directly apply for emergency loans.

Next Steps: From this point forward, any employee seeking an emergency loan should contact these two external suppliers:

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<thead>
<tr>
<th>Name of the Organization</th>
<th>University Credit Union</th>
<th>USE Credit Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Phone Number</td>
<td>(800) UCU-4510</td>
<td>(866) 873-4968</td>
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<tr>
<td>Contact Email</td>
<td><a href="mailto:Loans@UCU.org">Loans@UCU.org</a></td>
<td><a href="mailto:loancenter@usecu.org">loancenter@usecu.org</a></td>
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