

Frequently Asked Questions

Payroll Transition for New Overtime-Eligible Employees

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1. Q: What does it mean to be exempt or non-exempt under the Fair Labor Standards Act (FLSA)?

A: The federal Fair Labor Standards Act (FLSA) regulates whether an employee is overtime-eligible (non-exempt) or overtime-exempt (exempt). Most non-exempt 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 \$16 per hour, with higher minimum wages for health care workers, as of June 1, 2024. 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 generally be paid a predetermined salary that is above a certain amount and meet the applicable duties test.

2. Q: Which academic positions are exempt from the FLSA salary basis test?

A: Professors, lecturers, tutors and other academic appointees whose duties are primarily instructional 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. Q: Why is UC changing my FLSA status from exempt to non-exempt and overtime eligible?

A: Beginning July 1, 2024, to qualify for the executive, administrative, or professional exemption, the FLSA requires that an employee earn no less than \$844 per week (equivalent to \$43,888 per year for a full-time worker). Beginning January 1, 2025, to qualify for the executive, administrative, or professional exemption, the FLSA requires that an employee earn no less than \$1,128 per week (equivalent to \$58,656 per year for a full-time worker). To comply with this new overtime rule, the University of California has reviewed your position and salary and reclassified your FLSA status as non-exempt and overtime-eligible.

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

A: 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 hours worked either after 40 hours in a workweek or after 8 hours a day or 80 hours total 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.

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

A: 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 to the nearest $\frac{1}{4}$ hour (15 minutes) and the amount of wages earned. Talk to your manager or supervisor about local time reporting requirements.

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

A: If you are re-classified as a non-exempt employee and eligible for overtime, your pay frequency will change from monthly to biweekly.

7. Q: When will the change from a monthly pay schedule to a biweekly pay schedule take effect?

A: Those employees who transition to non-exempt, overtime-eligible employees based on the July 1, 2024, FLSA exempt-salary threshold increase will transition to the biweekly pay schedule no later than 7/1/24.

Here are examples of the specific pay dates for biweekly pay starting 7/1/24:

- **7/1/2024:** Last monthly paycheck for work performed between 6/1/2024 through 6/30/2024. This paycheck includes the disability benefits deduction for the month of June and all other benefits deductions for the month of July.
- **7/17/2024:** First paycheck for biweekly period of 7/1/2024 through 7/6/2024. This paycheck includes the second $\frac{1}{2}$ of July benefits deduction for disability, FSA and HSA accounts, and the second $\frac{1}{2}$ of August deductions for all other benefits. UCPATH will work with employee to collect the benefits deduction for the first $\frac{1}{2}$ of July and first $\frac{1}{2}$ of August that were missed and address the over-collection of contributions to FSA and HAS accounts. This will not cause a lapse in benefits.
- **7/31/2024:** Paycheck for biweekly period of 7/7/2024 through 7/20/2024; benefits deduction holiday.
- **8/14/2024:** Paycheck for biweekly period of 7/21/2024 through August 3, 2024. This paycheck includes the first $\frac{1}{2}$ of August benefits deduction for disability, FSA and HSA accounts, and the first $\frac{1}{2}$ of September

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deductions for all other benefits.

Those employees who transition to non-exempt, overtime-eligible employees based on the January 1, 2025, FLSA exempt-salary threshold increase will transition to the biweekly pay schedule no later than 1/1/25.

Here are examples of the specific pay dates for biweekly pay starting 1/1/25:

- 1/2/2025: Last monthly paycheck for work performed between 12/1/2024 through 12/31/2024. This paycheck includes the disability benefits deductions for the month of December, and all other benefits deductions for the month of January.
- 1/15/2025: First paycheck for biweekly period of 1/1/2025 through 1/4/2025. This paycheck includes the second ½ of January benefits deductions for disability, FSA and HSA accounts, and the second ½ of February deductions for all other benefits. UCPath will work with employee to collect the benefits deductions for the first ½ of January and first ½ of February that were missed and address the over collection of contributions to FSA and HSA accounts. This will not cause a lapse in benefits.
- 1/29/2025: Paycheck for biweekly period of 1/5/2025 through 1/18/2025; benefits deductions holiday.
- 2/12/2025: Paycheck for biweekly period of 1/19/2025 through 2/1/2025. This paycheck includes the first ½ of February benefits deductions for disability, FSA and HSA accounts, and the first ½ of March deductions for all other benefits.

8. Q: Where can I find the biweekly pay schedule?

A: Biweekly payroll schedule calendars may be accessed through the UCPath portal (click on “Quicklinks” on the menu to the left and navigate to “Payroll Resources.” “Payroll Calendars” can be found under “For Employees.”)

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

A: 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

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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. Q: How will my vacation and sick leave accruals be calculated during the transition?

A: Your accruals are based on your hours on pay status. If the time you work on pay status varies, then so will your leave 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. Because accruals are spread out over an additional pay period, the accruals credited for each pay period are smaller, but the annual vacation and sick accrual rate is the same.

11. Q: What should I do to prepare for the change?

A: 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.
- If appropriate, request that third parties adjust your automatic withdrawal or bill-pay dates to align with your new pay schedule.
- Following the transition, review your paystub carefully to ensure that deductions for insurance premiums and parking, as well as leave accruals, are accurate.
- Review any direct billing arrangements with UCPath and contact UCPath to request any necessary changes.

12. Q: Will I need to make any changes to my direct deposit?

A: No, but if you would like to, you can do so using the UCPath Employee Self-Service portal.

13. Q: What is a Deduction Holiday? How will my deductions be calculated?

A: 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 the pay-period end date. Pay dates with deduction holidays can be found on the biweekly pay schedule calendars.

14. Q: I have a garnishment deduction. How will the transition to biweekly pay affect the amount deducted for my garnishment?

A: 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 percent 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.

15. Q: When is my retirement deduction taken?

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

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

A: 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 percent per month, a 5 percent 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 \$100.00 per month, it will be divided into a \$50.00 contribution each biweekly payday. For months with three paychecks, one paycheck will have no fixed flat dollar deductions taken.

17. Q: What if I pay some of my bills through automatic bill pay?

A: 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 (unless a University holiday falls on a Wednesday).

18. Q: Will I need to make any changes to my tax withholding?

A: If you have an additional tax amount deducted from your paycheck, that monthly amount

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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 [UC Path website](#) and review and/or update your W-4/DE-4 Form.] For other tax questions, please consult IRS (<https://www.irs.gov/>) and State Franchise Tax Board (for California: <https://www.ftb.ca.gov/>) websites or contact a tax professional for help.

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

A: If you have questions for which you need immediate assistance, please contact your college or school academic personnel office.