



## **Employees Transitioning from Exempt to Non-Exempt Status Frequently Asked Questions (FAQ)**

- 1. Q: Why and when is this change taking place?**  
A: The U.S. Department of Labor (DOL) has made recent changes to the overtime requirements under the FLSA (Fair Labor Standards Act). These changes are intended to protect workers against certain unfair pay practices and work regulations. The salary thresholds required for Exempt status will increase from \$35,568 to \$43,888 beginning July 1, 2024, and to \$58,656 beginning January 1, 2025. All employers are required to comply with these changes.
- 2. Q: What is the Fair Labor Standards Act (FLSA)?**  
A: The Fair Labor Standards Act (FLSA) is a federal law administered by the U.S. Department of Labor (DOL) which is intended to protect workers against certain unfair pay practices and work regulations. FLSA establishes exemption status, minimum wage, overtime pay, recordkeeping and child labor laws. Exemption status (Exempt or Non-Exempt) is determined by these guidelines. This designation indicates eligibility for overtime pay when overtime is worked. For Non-Exempt employees, FLSA requires employers to pay one and ½ times the employee's regular rate of pay for every hour physically worked beyond a standard 40-hour workweek.
- 3. Q: What does "Non-Exempt" and "Exempt" mean?**  
A: Non-Exempt employees are eligible for overtime under the Fair Labor Standards Act (FLSA) and must record time worked. Exempt employees are not eligible for overtime. If you are unsure of your exemption status, please check with your manager or Human Resources for assistance.
- 4. Q: If my job title includes Manager am I exempt from overtime pay?**  
A: Not necessarily. Job titles do not determine exemption status. Jobs are classified as Exempt or Non-Exempt based on specific guidelines defined by the Department of Labor.
- 5. Q: How will this change impact me?**  
A: Effective June 15, 2024, your position will be moving from Exempt to Non-Exempt status. This means you are eligible for overtime pay, and you will be required to record your hours worked. Your job title and duties are not changing as a result of your position's Non-Exempt status. This change will be effective June 15, 2024, rather than July 1, 2024, in order to align with the bi-weekly payroll schedule.
- 6. Q: What are the advantages of changing to Non-Exempt status?**  
A: You will now be eligible for overtime pay. You will also have an increased frequency of paychecks by moving to a Non-Exempt pay schedule (26 paychecks a year rather than 12 paychecks a year).

**7. Q: As a result of this change, will there be a change in my salary?**

A: No. Your rate of pay will remain the same. However, rather than receiving a salary, you will now be paid on an hourly basis for every hour worked.

**8. Q: How is my hourly rate calculated?**

A: Your hourly rate is calculated using the following formula:  
(Annual salary / 2,080 hours a year)

*Example: Employee annual salary = \$45,000 (\$45,000 / 2,080 hours = \$21.63/hour)*

**9. Q: If I am currently paid monthly will I convert to a bi-weekly pay schedule?**

A: Yes. Impacted employees will convert to the bi-weekly pay schedule effective **6/15/2024**.

**10. Q: Will I have to complete a timesheet every two weeks?**

A: Yes. You will need to complete a timesheet every two weeks and submit for approval. Please click the link below for instructions:

[Web Time Entry Orientation Presentation \(lamar.edu\)](#)

**11. Q: How and when will this transition occur?**

A: You will convert to Non-Exempt status effective **6/15/2024**. To facilitate this transition:

**You will receive 2 paychecks on 7/1/24:**

- **Check #1:** You will receive your last monthly paycheck on July 1, 2024. This check will **ONLY** include earnings for the first 80 hours worked between **6/1/2024 – 6/14/2024** (half of your monthly salary).
  - June benefits from your monthly pay schedule will be deducted
  - Adjusted Longevity pay will be included (*if eligible*)
  - You will accrue Sick and Vacation time for the month of June
  
- **Check #2:** You will also receive your first partial bi-weekly paycheck on July 1, 2024. This check will include earnings for hours worked based on your hourly rate. You will need to submit a timesheet for all hours worked between **6/15/2024 – 6/21/2024**.
  - ½ of your July benefits will be deducted
  - No Longevity pay will be included
  - No Sick or Vacation time will be accrued

*Example: Employee hourly rate = \$21.63 (\$21.63/hour x 40 hours = \$865.20)*

**Reminder: A timesheet will need to be completed for time worked between 6/15/2024 – 6/21/2024. This timesheet is due on 6/23/2024.**



**12. Q: When will I receive my first full bi-weekly paycheck?**

A: Employees will receive their first full bi-weekly paycheck on July 15, 2024.

- ½ of your July benefits will be deducted
- July Longevity pay will be included (*if eligible*)
- You will accrue Sick and Vacation time for the month of July

*Example: Employee hourly rate = \$21.63 (\$21.63/hour x 80 hours = \$1,730.40)*

**Reminder: A timesheet will need to be completed for time worked between 6/22/2024 – 7/5/2024.**

**This timesheet is due on 7/7/2024.**

**13. Q: Will a change to my tax withholdings be necessary?**

A: If you have an additional tax amount being deducted from your paycheck, you may want to re-calculate that amount by taking your yearly goal amount and dividing it by 26 to get your bi-weekly amount. If you want to make a change, you will need to submit an updated W4 via Self Service in Banner. Please contact Payroll at [payroll@lamar.edu](mailto:payroll@lamar.edu) if you have any questions.

**14. Q: Do I need to make changes to my direct deposit?**

A: If your direct deposit is set up so that percentages of your pay are deposited into one or more accounts, the same set up will be applied to your new bi-weekly pay and therefore no action is needed. If your direct deposit is set up so that a *flat dollar* amount is deposited, you may need to review those amounts to determine if changes are needed.

*Example: If you were paid monthly and had specified that a flat \$50.00 be put into a separate savings account each pay period, you may want to consider adjusting the amount each pay period to achieve the same result.*

*Monthly: \$50.00 / 12 paychecks = \$600.00 a year*

*Bi-Weekly: \$50.00 / 26 paychecks = \$1,200.00 a year*

**15. Q: What if I use automatic online payments for bills?**

A: If you have automatic payments set up for any regular expenses (e.g., mortgage payments, student loan payments, car loans, etc.), you will need to work with your financial institution(s) and vendors to change the payment dates and/or amounts as needed to accommodate the new bi-weekly pay schedule.

**16. Q: Upon transitioning to a bi-weekly pay schedule, what else will change?**

- A:
- **Vacation and Sick Accrual:** Accruals will occur on the 2<sup>nd</sup> paycheck of each month.

- **Timesheet Submission:** Timesheets will need to be submitted every two weeks for approval to meet the bi-weekly payroll deadline. [Web Time Entry Orientation Presentation \(lamar.edu\)](#)
- **Overtime Eligibility:** Pre-approval for hours worked over 40 is required. Each department will have parameters governing overtime.
- **Comp Time:** Based on your department, comp time may be available. You can speak to your supervisor for more information.
- **Parking:** Deductions will occur the 1<sup>st</sup> paycheck of the month (*if applicable*).
- **Benefits:** Your monthly benefits will be *split in half* and taken out of each bi-weekly paycheck, except during the months when there are three pay periods. During the months with three pay periods, your 3<sup>rd</sup> paycheck will be deduction-free except for mandatory deductions (e.g., taxes, TRS, child support, etc.). You may contact the HR Benefits Coordinator on how that change will impact your benefits.

*Example of benefit deductions:*

*Monthly: \$300.00 per paycheck*

*Bi-Weekly: \$150.00 per paycheck*

**17. Q: The 3<sup>rd</sup> paycheck is deduction-free. Are taxes still withheld?**

A: Yes. Payroll deducts taxes from every paycheck based on actual taxable income. Please contact Payroll at [payroll@lamar.edu](mailto:payroll@lamar.edu) if you have any questions.

**18. Q: Why are some employees in my department not being transitioned to Non-Exempt?**

A: Essential job functions listed in job descriptions are evaluated based on specific FLSA guidelines defined by the Department of Labor.

**Still have questions? We are here to help. Please email the HR team at [hr@lamar.edu](mailto:hr@lamar.edu)**