

FLSA and KRONOS Timekeeping Changes Manager's Toolkit

Toolkit Items

1. As a manager, you need to familiarize yourself on the following topics:

- FLSA regulations and UAB policies on nonexempt employees
 - A short 25-minute course is available on UAB's Learning System at www.uab.edu/learn and can be self-enrolled.
- Working Hours
 - See HR Policy 618
- Recordkeeping
 - See HR Policy 208
- Smartphone use
 - <https://www.uab.edu/humanresources/home/compensation/fair-labor-standards-act/flsa-and-smartphone-use>
- Meal and rest periods
 - See HR Policy 621
- Guidance for hours worked
 - <http://www.uab.edu/humanresources/home/images/Compensation/FLSA/Guidance-for-Hours-Worked-7-8-16.pdf>
- KRONOS
 - Details on the KRONOS project and rollout are available at www.uab.edu/timekeeping.
- TEL
 - Details on TEL training are available at <http://uabfinancial.infomedia.com/content.asp?id=492381>.
- Grandfathering of benefits
 - See Appendix C
- Payroll changes (i.e., moving from monthly to biweekly pay)
- Key points for employees to remember
 - http://www.uab.edu/humanresources/home/images/Compensation/FLSA/Campus_KRONOS_Timekeeping_-_Key_Points.pdf
- Who to contact for help

2. Information sheet on preparing for the conversation with your employee(s)

- See Appendix A

3. Checklist of items to discuss with your employee(s)

- Impact to employee(s):
 - Why the change is happening
 - See Appendix D
 - When the change is happening
 - See Appendix D
 - FLSA regulations
 - KRONOS
 - TEL
 - Required training for employees
 - See Appendix B
 - Benefits

- See Appendix C for information on:
 - Vacation Accruals
 - 403(b) Match
- Address specific questions and concerns related to:
 - Change from monthly to biweekly payroll
 - Punching in/out
 - Meal and rest periods
 - Flex time vs. comp time
 - Overtime policy
 - Smartphone use
- FAQs and who to call for more help
 - Where to find FAQs
 - Who to contact
- Key points for employees to remember
[http://www.uab.edu/humanresources/home/images/Compensation/FLSA/Campus_KR_ONOS_Timekeeping - Key Points.pdf](http://www.uab.edu/humanresources/home/images/Compensation/FLSA/Campus_KR_ONOS_Timekeeping_-_Key_Points.pdf)

4. Additional resources available for managers

- OL&D resources
 - Having difficult conversations
 - Conflict resolution
- HR Partners and Consultants

5. FAQs and Special Cases

- Research Ladder
- Visiting Scientists
- GRAs and GTAs
- Post Docs

Appendix A: Having the FLSA Conversation with your Newly Nonexempt employee(s)

Here are some tips for having the conversation with your employee moving from exempt to nonexempt.

1. Plan for the conversation.

- Understand the FLSA regulations. If you have questions, contact your HR Consultant.
 - Overview of FLSA changes
 - Under current regulations, there are three criteria to satisfy to be exempt:
 1. Paid on a salaried basis
 2. Salary must be at least \$455/week, \$23,660/annually. (Teachers, doctors and lawyers are the only exclusions.)
 3. Meet one of the primary duties tests
 - The Department of Labor (DOL) has changed the salary threshold from \$23,660/annually to \$913/week or \$47,476/annually, effective Dec. 1, 2016. This represents the 40th percentile of all salaried workers.
 - In order to be compliant with these changes by Dec. 1, 2016, UAB has elected to move employees from exempt to nonexempt effective Oct. 2, 2016.
 - Anyone making less than this threshold will no longer be eligible to be exempt under the FLSA. They must be paid hourly and will be eligible for overtime. FLSA requires accurate recordkeeping of time worked.
 - There is no allowance for prorating for a part-time schedule. The DOL has issued opinion letters on this subject.
- Put yourself in their shoes. Anticipate their questions. Examples may include:
 - Am I being demoted?
 - Will my salary change?
 - Will my benefits change?
 - What if I can't finish my work in 40 hours?
 - Will I be able to have flexibility with my work schedule?

2. Explain to your employee what is changing and why.

- UAB has reviewed their position with these legal rule changes in mind and has elected to reclassify the position as nonexempt.
- Their position will be moving from exempt to nonexempt. This means that the employee will be paid biweekly instead of monthly and will be required to document hours worked in both TEL and KRONOS.

3. Reassure your employee and ask them questions.

Examples:

- I want you to know that you are still a valued employee.
- What questions do you have for me as your manager?
- How can I support you?

4. Clarify their next steps.

- Make sure to discuss and address all the items provided in the toolkit checklist.
- Ask questions. If you don't know the answer, ask your personnel representative or HR Consultant.

- Plan to follow up in a week and see if they have any additional questions or comments.
- Support them with subtle, friendly reminders to:
 - Document their time in both TEL and KRONOS accurately and precisely.
 - Refrain from working overtime without receiving prior permission. This includes working before or after your shift or working through lunch.
 - Remember to punch in and out for lunch.

5. Reassure, review, reiterate and repeat.

This is a process. Change takes time. Be patient with yourself and your employees

Appendix B: Required training for employees

1. What nonexempt employees need to know about the FLSA

- This course will be assigned automatically to the employee via the UAB Learning System (LMS) at <http://www.uab.edu/learn>. If, for some reason, they have not been automatically assigned this course, they can search and self-register for this course.

2. KRONOS

- Employees will be required to log their hours by punching in and out in KRONOS. Instructions on using this system are available at www.uab.edu/timekeeping under “Campus KRONOS Timekeeping Training/Instruction.” For technical questions about these instructions, please contact instructeam@uab.edu.

3. TEL

- Instructions for entering their time in TEL are available here <http://uabfinancial.infomedia.com/content.asp?id=492381>. Additionally, a classroom-led training is available on the UAB Learning System at www.uab.edu/learn. Employees can self-register for the in-class training. For technical questions about these training options, please contact instructeam@uab.edu.

Appendix C: Grandfathering of benefits for employees moved from exempt to nonexempt

All employees who will move from exempt to nonexempt status to comply with the new FLSA regulations will be allowed to keep their existing benefits. Specifically, these apply to:

1. Vacation accrual rates

- All employees who will move from exempt to nonexempt status to comply with the new FLSA regulations will continue to accrue vacation at the rate of an exempt employee, based on years of service.
- If that employee changes positions voluntarily in the future, the grandfathering will no longer apply.
- If that employee changes positions involuntarily, the grandfathering will still apply.

2. 403(b) Plan UAB employer match

- Eligible for employer match regardless of participation status
- If that employee changes positions voluntarily in the future, the grandfathering will no longer apply.
- If that employee changes positions involuntarily, the grandfathering will still apply.

Details on benefits plans can be found at

<https://www.uab.edu/humanresources/home/benefits/employee-benefits-overview>.

Appendix D: Template letters to employees

1. Moving from exempt to nonexempt (no grandfathering)

Dear ,

This letter is to inform you that, effective Oct. 2, 2016, your position will be reclassified from exempt to nonexempt. As a nonexempt employee, you will move from a monthly to a biweekly payroll and will need to track and record all hours worked, as well as follow UAB's policies for nonexempt employees.

EE Name:		EE #:	
Job Title:		Job Code:	
Org Name:		Org #:	

Background

On May 18, 2016, the Department of Labor announced the publication of the final rule updating overtime regulations. This rule revised the criteria which determines exemption status under the Fair Labor Standards Act (FLSA).

What you need to know as a nonexempt employee

Your job title and job duties will not change as it relates to this change. Your nonexempt status refers to the way your pay is calculated. As a nonexempt employee, your pay will be converted from a monthly to an hourly rate of pay and you will be eligible for overtime.

An existing component of the FLSA focuses on accurate recordkeeping of actual hours worked. Therefore, in addition to the FLSA changes, UAB is implementing KRONOS as our official timekeeping system to ensure accurate and consistent recordkeeping across the campus. UAB Hospital is already using the KRONOS system.

Available resources

There are several policies and procedures that are important to be aware of with regards to your new exemption status.

You play a key role with UAB and we assure you that this is not a demotion and has nothing to do with your value to the institution. This change is being driven by the updated FLSA rules and has nothing to do with your performance or contributions to UAB. If you have questions concerning this action, or need further clarification, please let me know.

Employee Signature

Manager Signature

2. Moving from exempt to nonexempt (with grandfathering)

Dear «clean_Name»,

This letter is to inform you that, effective Oct. 2, 2016, your position will be reclassified from exempt to nonexempt. As a nonexempt employee, you will move from a monthly to a biweekly payroll and will need to track and record all hours worked, as well as follow UAB's policies for nonexempt employees.

EE Name:		EE #:	
Job Title:		Job Code:	
Org Name:		Org #:	

Background

On May 18, 2016, the Department of Labor announced the publication of the final rule updating overtime regulations. This rule revised the criteria which determines exemption status under the Fair Labor Standards Act (FLSA).

What you need to know as a nonexempt employee

Your job title and job duties will not change as it relates to this change. Your nonexempt status refers to the way your pay is calculated. As a nonexempt employee, your pay will be converted from a monthly to an hourly rate of pay and you will be eligible for overtime.

An existing component of the FLSA focuses on accurate recordkeeping of actual hours worked. Therefore, in addition to the FLSA changes, UAB is implementing KRONOS as our official timekeeping system to ensure accurate and consistent recordkeeping across the campus. UAB Hospital is already using the KRONOS system.

While the exemption status of your position has been changed in compliance with FLSA, your position will be "grandfathered" with respect to UAB employee benefits. You will continue to have access to all benefits afforded exempt positions, including matching 403(b) retirement contributions and accruing vacation according to the guidelines for exempt employees. Grandfathered positions will continue to receive these benefits as long as you remain in your current grandfathered position.

Available resources

There are several policies and procedures that are important to be aware of with regards to your new exemption status.

You play a key role with UAB and we assure you that this is not a demotion and has nothing to do with your value to the institution. This change is being driven by the updated FLSA rules and has nothing to do with your performance or contributions to UAB. If you have questions concerning this action, or need further clarification, please let me know.

Employee Signature

Manager Signature

Appendix E: Copy of letter sent from HR to deans, directors and department heads introducing toolkit

July 28, 2016

Dear UAB Manager,

On May 18, 2016, President Obama and Department of Labor Secretary Perez announced the publication of the Department of Labor's final rule updating the overtime regulations. This rule revised the criteria that determines exemption status under the Fair Labor Standards Act (FLSA). For the past year, HR has been working to prepare UAB to respond effectively to these changes. As a result, effective Oct. 2, 2016, one or more of your employees may be reclassified from exempt to nonexempt. As a nonexempt employee, they will move from a monthly to a biweekly payroll and will need to track and record all hours worked, as well as follow UAB's policies for nonexempt employees. The included toolkit is to assist and equip you to manage this change with your employee(s).

Reason for these changes

The prominent change to the FLSA increases the minimum annual salary threshold for exempt employees from \$23,660 to \$47,476. Based on the updated federal regulations, our HR team looked at various options and recommended changes where possible that would allow currently exempt positions to remain exempt, again, in compliance with the new regulations. Where we were unable to retain the current exemption, positions will be reclassified from exempt to nonexempt.

What you need to know as a manager

An existing component of the FLSA focuses on accurate recordkeeping of actual hours worked. Currently, across UAB, there are various methods used to track hours worked for nonexempt employees, from time clocks to paper records. In order to be fully compliant with the FLSA, UAB needed a consistent method to record and, in the event of an audit, provide documentation of actual time worked. Therefore, in addition to the FLSA changes, UAB is implementing KRONOS as our official timekeeping system to ensure accurate and consistent recordkeeping across the campus. UAB Hospital is already using the KRONOS system. There are several policies and procedures specifically related to timekeeping and tracking that are important for you to be aware of with regard to your employee's new nonexempt classification. As a manager, you will need to discuss the implications of this change with your employee. In this toolkit, we are providing you with the resources to help manage this change.

Employees moving from exempt to nonexempt will be grandfathered with respect to UAB employee benefits. These employees will continue to have access to all benefits afforded to exempt positions, including matching 403(b) retirement contributions and vacation accrual rates. Persons in positions with grandfathered benefits will continue to receive these benefits as long as they remain in their current grandfathered position.

Next steps and available resources

We are working diligently to make this transition as smooth as possible. In addition to continuing to communicate with your HR officer during each phase of this transition, we are providing you with the attached list of resources designed to help you communicate this change with your employees. It is our

desire that the information and links provided assist you in learning more about these upcoming changes and how it will impact you and your staff.

All of us in HR are grateful for your hard work in implementing these changes and the support you have shown as we ensure compliance. If you have questions, please speak to your departmental HR Officer or your HR Consultant.

You can access the entire manager's toolkit here:

<https://www.uab.edu/humanresources/home/images/Compensation/FLSA/FLSA-KRONOS-Managers-Toolkit.pdf>

Thank you again for your support.

Alesia Jones | UAB Chief Human Resources Officer

UAB | The University of Alabama at Birmingham

uab.edu

Knowledge that will change your world

Appendix F: Letter from HR to managers of employees transitioning from exempt to nonexempt

Dear UAB Manager,

On May 18, 2016, President Obama and Department of Labor Secretary Perez announced the publication of the Department of Labor's final rule updating the overtime regulations. This rule revised the criteria that determines exemption status under the Fair Labor Standards Act (FLSA). For the past year, HR has been working to prepare UAB to respond effectively to these changes. As a result, effective October 2, 2016, one or more of your employees may be reclassified from exempt to nonexempt. As a nonexempt employee, they will move from a monthly to a biweekly payroll and will need to track and record all hours worked, as well as follow UAB's policies for nonexempt employees. The included toolkit is to assist and equip you to manage this change with your employee(s).

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All of us in HR are grateful for your hard work in implementing these changes and the support you have shown as we ensure compliance. If you have questions, please speak to your departmental HR Officer or your HR Consultant.

Please communicate this change to your impacted employee(s) using the attached letter(s). The signed letters are due back to your departmental HR Contact no later than August 22, 2016. This letter will go into the employee's permanent personnel record.

You can access the entire manager's toolkit here:

<https://www.uab.edu/humanresources/home/images/Compensation/FLSA/FLSA-KRONOS-Managers-Toolkit.pdf>

Thank you again for your support.

Alesia Jones | UAB Chief Human Resources Officer

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