FLSA and POSTDOCS

What you need to know NOW!!!
The FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments.

On May 18, the Secretary of Labor updated the overtime regulations of the FLSA, effectively increasing compensation for many American workers.

The new **overtime pay rule**, increases the salary threshold to $47,500.

- Employees earning below this amount must be paid overtime for working more than 40 hours per week
- New threshold goes into effect Dec. 1st
- There is an exemption for teaching positions

This puts a huge strain on mentors’ research budgets that, if we were to do nothing, could result in an elimination of postdoc positions.
Postdocs by the numbers...

- Numbers of postdocs: 263 in total
  - Status 20 = 48
  - Status 21 = 215

- Salary numbers:
  - UAB minimum = $35,190
  - Overall salary avg = $48,350 (median @ $45K; $35,190 - $82K)
  - 82% in total below $47,500
So, what does this mean?

**For Post-docs Trainees (Status 20)**
- Salary will be increased to the new threshold of no less than $47,500 effective 12/1/16
- Benefits will remain unchanged
- Tax reporting will remain unchanged

**For Postdocs Employees (Status 21)**
- Salary will be increased to the new threshold of no less than $47,500 effective 12/1/16
- Beginning January 1, 2017, a portion of the health insurance cost will be the responsibility of the trainee
- Matching contributions into the 403(b) (TIAA and Valic) plans may be eliminated effective 10/1/17
- For those near or above $47,500, we expect mentors to compensate for impact of additional benefit cost
Types of Postdoc - Postdoc Instructor (Status 21)

- A new category of postdoctoral instructors will have the same benefits as other 21s, but will be exempt from overtime because of the teaching exception.

- Teaching Exemptions will be rare.

- Minimum salary will be $36,000.

- 50% of salary must be paid by the department or other non-grant source.

- 50% of effort must be devoted to classroom instruction.

- Mentoring of students in one’s own lab is not sufficient for the exemption.
Types of Postdoc - Postdoc Fellow (Status 21)

- Post-doc Fellow - Status 21
- Minimum salary will be $47,500
- Vast majority of postdocs will be in this classification
- 100% effort must be devoted to research
- 100% of salary must be paid by mentor’s resources
Why are we making these changes?

- In order to comply with new Federal regulations in a manner that best supports the UAB mission.

- To better reflect the professional level work done by all postdocs while containing the cost.

- UAB and most other universities do not support the concept that postdoctoral training can be accomplished if restricted to a 40-hour work week
  - Fluid costs, based on unknown hours of overtime, would destabilize the lab structure thus creating a potential loss of postdoc positions.
  - By containing the cost, it allows us to maintain as many postdocs as possible.

- Sharing the medical cost is consistent with other national postdoc programs.

- The cost sharing with postdocs is equal to or less than other UAB employees.
What is UAB Doing to Buffer the Burden This Puts on Mentors and to Try to Save As Many Postdoc positions as possible?

- Central and the Respective Deans will contribute 75% of funds required to reach $47,500 up to $5000, requiring mentors to contribute at least 25%

- For those already at or near $47,500, the subsidy will pay 75% of the increases necessary to compensate for the cost of health insurance

- The health insurance adjustment is to set the stage for a separately computed fringe benefit rate that will be effective 10/1/17
  - Current rate is ~35%
  - Postdocs are currently included in the All Others Rate, as a result of being combined with all staff there are certain components of the rate that postdocs help pay for but for which they do not get benefits (e.g. AL Teachers Retirement System)
  - By modifying the benefit rate calculation to include only those actual benefits applicable to postdocs, we anticipate a reduced rate.
  - The plan should allow mentors to begin paying fully for postdocs in FY18
  - This will allow more mentors to continue to support postdocs at near-current numbers
International Postdocs and FLSA

- FLSA applies to both J1 and H1-B visa holders regardless of status:
  - J-1 research scholars can be 20 or 21 and as long as they are performing research they are within the boundaries of their visa restriction
    - most J1s are classified as status 21
  - An H-1B postdoc can NEVER be a trainee (20) as the H-1B status is an “employment/contact” status and requires that relationship to qualify for sponsorship.
## Projected Postdoc Stipends for FY2017

<table>
<thead>
<tr>
<th>Career Level</th>
<th>Years of Experience</th>
<th>Actual Stipend for FY 2016</th>
<th>Projected Stipend for FY 2017</th>
<th>Monthly Stipend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postdoctoral</td>
<td>0</td>
<td>$43,692</td>
<td>$47,484</td>
<td>$3,957</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$45,444</td>
<td>$47,844</td>
<td>$3,987</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>$47,268</td>
<td>$48,216</td>
<td>$4,018</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>$49,152</td>
<td>$50,316</td>
<td>$4,193</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>$51,120</td>
<td>$52,140</td>
<td>$4,345</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>$53,160</td>
<td>$54,228</td>
<td>$4,519</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>$55,296</td>
<td>$56,400</td>
<td>$4,700</td>
</tr>
<tr>
<td></td>
<td>7 or More</td>
<td>$57,504</td>
<td>$58,560</td>
<td>$4,880</td>
</tr>
</tbody>
</table>

Example projections

Post Doc Employee
Annual Salary of $45,500

**Federal and State claiming Single and 0 Deductions**

<table>
<thead>
<tr>
<th></th>
<th>Now</th>
<th>Proposed</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAB Regular Wages</td>
<td>3,791.67</td>
<td>3,791.67</td>
<td>-</td>
</tr>
<tr>
<td>Deductions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Plan</td>
<td></td>
<td>96.00</td>
<td>96.00</td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>548.65</td>
<td>524.65</td>
<td>(24.00)</td>
</tr>
<tr>
<td>State</td>
<td>144.23</td>
<td>140.63</td>
<td>(3.60)</td>
</tr>
<tr>
<td>Medicare</td>
<td>54.98</td>
<td>53.59</td>
<td>(1.39)</td>
</tr>
<tr>
<td>Social Security</td>
<td>235.09</td>
<td>229.13</td>
<td>(5.96)</td>
</tr>
<tr>
<td>City</td>
<td>37.92</td>
<td>36.96</td>
<td>(0.96)</td>
</tr>
<tr>
<td>Net Pay</td>
<td>2,770.80</td>
<td>2,710.71</td>
<td>$ 60.09</td>
</tr>
<tr>
<td>Difference:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FLSA Take-Aways...

- UAB is complying with new federal regulations
- Our goal is to comply AND retain as many postdoc positions as possible
- UAB is investing in our postdocs by supporting the required increase in salary and by examining fringe benefit rate for FY18 and beyond
- The majority of postdocs will receive a salary increase to at least $47,500.
- Postdoc benefits will change:
  - Will pay between $96 (single) to $321 (family) per month toward the cost of health insurance beginning Jan. 1, 2017. Can also explore coverage with spouse employer or the National exchanges
  - The 403(b) match may be discontinued in October 2017. Full balances in the accounts will remain and unmatched contributions can be added.