2018 Salary Threshold-Related Changes
Quick Reference Guide

Each year, New York State increases the amount that employees must be paid to be considered exempt. The New York State salary threshold, which establishes the rate at which employees are entitled to overtime pay, is increasing to $43,264 annually or $832/week.

Below is information on this law, what is changing, what isn’t, and how to prepare.

2018 NYS Salary Threshold-Based Changes

- Employees whose annual pay is less than $832/week or $43,264/year will be paid hourly, rather than salaried, unless their primary role is that of a teacher, physician or attorney. No exceptions will be made.

Impact to University of Rochester Employees

- **Effective October 28, 2018,** employees will be subject to the new salary threshold (with the exception of physicians, attorneys, and employees whose primary role is teaching). Salaried employees making less than $43,264/year or $832/week will be impacted.
- **Pay rate will remain the same** under the new regulations. The annual salary will be converted to the hourly equivalent and paid on the biweekly hourly pay schedule.
- The last “salaried” paycheck in October will be less since work starting October 28 will be covered in the next hourly paycheck. Additionally, due to the different pay cycles, **the first hourly paycheck will appear less.**
- Impacted employees will need to **begin tracking work hours in HRMS,** by clocking in and out and accounting for all non-work time, and should discuss the proper procedure for timekeeping within a workgroup with the supervisor.
- Employees will be **eligible for overtime pay** (1.5 times their hourly rate) for all time worked beyond 40 hours in work week.
- **Benefits will remain consistent with current classification for as long as the employee remains in their current position.**
Additional Information on the Fair Labor Standards Act (FLSA) and the NYS Salary Threshold

- The FLSA dates back to 1938 and governs wage and salary under federal law.
- The FLSA establishes the federal minimum wage and overtime pay requirements, including criteria for determining eligibility for overtime.
- FLSA is an Employee Protection Act whereby employees are generally presumed not exempt and entitled to overtime pay.
- The FLSA requires that all non-exempt employees receive pay for all time worked, and overtime pay at 1.5 times their normal rate for all time worked beyond 40 hours in a work week.
- Under the FLSA, employees must earn more than an established threshold in order to be exempt from overtime requirements. New York, under state law, has set a salary threshold for overtime exemption that is higher than the federal threshold. Employers are obligated to comply with the higher threshold.

How to Prepare

- Print a copy of the biweekly pay cycle calendar for your reference at www.rochester.edu/adminfinance/finance/payroll/calendars/.
- Review Policy 413 on Time Management.
- Review the resources provided on the HR Compliance webpage at http://www.rochester.edu/working/hr/compliance/.
- Due to the different pay cycles, impacted employees may need to make changes to automatic payments for personal bills so that the timing aligns with a biweekly pay cycle.
- Impacted employees should review paycheck deductions on a flat dollar amount, such as direct deposit to a savings account, additional tax withholdings or voluntary contributions to the retirement program. With a bi-weekly pay cycle, employees are paid more frequently, but less each pay period.
- Talk to your supervisor or HR Business Partner if you are concerned or have questions.