

TO: <RC or department head>  
FROM: University Human Resource Services  
DATE: August 16, 2004  
SUBJECT: U.S. Department of Labor's FLSA Regulations

As you know, the U.S. Department of Labor (DOL) has issued new regulations delimiting those employees which qualify for exemption from FLSA overtime and recordkeeping requirements. The DOL's revised FLSA regulations, effective August 23, 2004, require that Indiana University assess and qualify many positions for FLSA exemption status. (Reference the attached summary of DOL's FLSA regulations for specific exemption criteria.)

These new FLSA regulations further limit the number of positions at the University that can be exempted from overtime and recordkeeping requirements. First, there is a significantly higher minimum weekly salary requirement of \$455 per week, regardless of FTE status.<sup>1</sup> Second, there are specific narrower definitions of exempt work. Finally, the new regulations specify types of work that must receive overtime pay.

Attached is a list of positions within your RC or department that have been identified as potentially being affected by the new FLSA regulations. While a final determination of FLSA exempt status will be determined over the next couple of months, employees in these positions will need to maintain records of time worked beginning August 22, 2004.<sup>2</sup> These records will be critical for departments as source documents in retroactively processing any overtime pay for those employees changed from FLSA exempt to nonexempt status. Without these records, departments could have a much greater financial liability for undocumented overtime hours.<sup>3</sup>

**It is requested that your office notify these employees and associated supervisors that they need to complete the Records of Hours Worked form beginning August 22, 2004.** (A sample form is attached. This can be copied or a printable version is located at: <http://www.indiana.edu/~uhrs/flsa/flsa-index.html>.) Consider providing a copy of this memo and the attached summary of FLSA regulations to the potentially affected employees in your unit.

In the near future, your RC or department will receive a two page form for the collection of job content information for potentially affected positions. These forms, plus some additional organization information, will provide the basis for determining FLSA exempt status. This analysis is anticipated to be completed between now and the end of October 2004. This initial review will focus on jobs in lower PA salary grades and types of work referenced in the new FLSA regulations as needing to be reviewed. Other employees are listed that currently do not meet the new FLSA minimum salary level criteria. To comply

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<sup>1</sup> The FLSA Salary Level exemption requirement does not apply to teachers, as defined by FLSA.

<sup>2</sup> This is the beginning of the first work week at IU covered by the FLSA regulations, which become effective August 23, 2004.

<sup>3</sup> The Records of Hours Worked form includes a weekly record of actual hours worked, with verification of accuracy by the associated supervisor. These records should be maintained by the RC or department until there is notification that such is no longer needed.

with FLSA regulations, requested information not provided to HR will result in the defaulting of the associated position to nonexempt status. (The burden falls to the employer to prove the existence of conditions that would qualify for an FLSA exemption.)

Decisions on FLSA exemption will be communicated to RCs or departments as they are finalized, with the expectations that all decisions will be completed by the end of October 2004. Human Resources will also provide affected employees with personalized information regarding any benefit program implications. (The University is considering provisions that would preserve current benefit plan participation, especially participation in the IU Retirement Plan.)

With your assistance, Indiana University will fully comply with this federal law. The University expects this compliance, and employees that are due overtime pay should receive it.

It is our desire to be completely open with employees and supervisors, and to share as much information as possible. As such, a special edition of The Informed Employee including an article on this subject will be distributed to all employees in late August or early September 2004.

Details on FLSA regulations and recent changes are available on the University Human Resource Services' web site (<http://www.indiana.edu/~uhrs/flsa/flsa-index.html>) or the DOL's website (<http://www.dol.gov/dol/compliance/compliance-comptools.htm>).

Questions about the positions on the attached list can be referred to Joyce Leonard of this office ([jolleona@indiana.edu](mailto:jolleona@indiana.edu) or 855-7321.)

Attachments:

- List of positions potentially affected by new FLSA regulations
- Interim Records of Hours Worked form
- Summary of DOL's revised FLSA Regulations