

## 2025 Changes to the Fair Labor Standards Act (FLSA)

### Frequently Asked Questions (FAQs)

*If there is an injunction or other legal action that results in the Department of Labor (DOL) not implementing the new FLSA exempt minimum salary, UMB will not proceed with any FLSA related changes until it is necessary to do so to maintain compliance with federal regulation.*

#### 1. What is the Fair Labor Standards Act (FLSA)?

The Fair Labor Standards Act (FLSA) is a federal law that establishes minimum wage, overtime pay, record-keeping, and child labor standards affecting full-time and part-time workers of the University of Maryland, Baltimore.

Under the FLSA, some employees are exempt from the wage and overtime provisions of the law, and some are nonexempt. The FLSA requires that all nonexempt workers be paid overtime (usually one-and-one-half times their regular rate of pay) for all hours worked over 40 in a workweek.

The Fair Labor Standards act has a salary test to determine exemption. The salary test minimum will increase from \$43,888 annually (\$844/week) to \$58,656 annually (\$1,128/week) effective January 1, 2025. This minimum salary must be reached for a position to be exempt among other tests.

All employees are covered by the FLSA including staff, faculty, and trainee positions such as Post Doctoral Fellows.

#### 2. What is the difference between exempt and nonexempt employees under the FLSA?

Exempt employees are considered “salaried” and do not earn any overtime pay for working over 40 hours in a workweek. They must also perform certain types of job duties to qualify as exempt.

Nonexempt employees are considered “hourly” and must be paid overtime for all hours worked in excess of 40 in a workweek.

#### 3. Are Faculty members affected by the change in FLSA?

Faculty are FLSA exempt, regardless of their annual/weekly salary, if their primary duty is teaching, tutoring, instructing, or lecturing in the activity of imparting knowledge, if they are primarily engaged in practicing medicine or practicing law, or school of medicine faculty that are Geographic full time (GFT) and have a total approved salary at or above the minimum salary. Faculty that do not meet the criteria for these exemptions will be impacted by these changes if they do not meet the new minimum salary.

#### 4. Are part-time employees affected by the change in FLSA?

Yes, part-time employees will be impacted if they are currently classified as exempt but make less than the new minimum salary effective January 1st, while working part-time.

**5. What if my FTE is required to increase but I do not want to or am unable to adjust my schedule to compensate?**

UMB is required to adhere to the FLSA minimum salary to maintain compliance. Employees must adhere to required changes and if an employee does not adhere to the required changes to schedule following two weeks of notice prior to the change they will be considered to have voluntarily resigned in accordance with Policy VII-9.51 - POLICY ON REASSIGNMENT OF REGULAR EXEMPT STAFF EMPLOYEES.

**6. What currently exempt jobs will be converting to nonexempt?**

The following jobs will be converting from exempt to nonexempt effective January 1, 2025. The job's responsibilities and minimum qualifications will remain unchanged.

- Research Data Analyst
- Research Quality Improvement & Compliance Analyst
- Clinical Research Assistant
- Laboratory Research Assistant
- Research Project Coordinator
- Laboratory Animal Research Assistant
- Community Program Coordinator

**7. Why are some exempt jobs converting to nonexempt and others remaining exempt?**

A comprehensive review of UMB exempt jobs was conducted and it was determined that the University would no longer be able to support seven currently exempt classified positions as exempt and they would need to move to nonexempt. These roles were selected because most of the employees in these roles fall well below the new minimum salary.

All the positions selected to convert to nonexempt are currently assigned to the exempt pay grade C. They will be reassigned to nonexempt pay grade 11. Employees below the minimum will be raised to the minimum of pay grade 11. Employees that have passed probation will be raised to the minimum of pay grade 11 and will receive a 2.5% salary increase.

All remaining pay grade C positions that will stay exempt will be regraded to pay grade D and employees below the minimum salary of \$58,656 will receive salary increases to the new minimum.

**8. I make more than the new FLSA minimum salary of \$58,656, why is my job being converted to nonexempt?**

UMB reviewed all exempt jobs with employees that fell below the new FLSA minimum salary of \$58,656. If the salaries of the majority of the employees in a job title fell below the new FLSA salary minimum, all the employees in that job title will be converted to nonexempt, even those who make more than the new FLSA minimum salary.

**9. If I am converting from exempt to nonexempt what will happen to my leave accrual?**

For regular employees, your leave accrual will transition to the nonexempt leave accrual. Regular employees represented by the AFSCME union will transition to the leave accrual in accordance with the AFSCME MOU. If you are changing to nonexempt and are CII your accrual will be consistent with the leave package provided on the CII contract.

**10. If I am converting from exempt regular to nonexempt regular what will happen to my retirement plan selection?**

Employees will retain the retirement plan they currently have, following the conversion from exempt to nonexempt.

**11. How does probation work for employees that are converting from exempt to nonexempt?**

Regular employees that convert from exempt to nonexempt will be considered to have completed their probationary period if they have more than six months of service in their current role as of January 1, 2025. Employees that attain six months of service in the regular position after January 1, 2025, will pass probation based on criteria outlined in relevant nonexempt policy and the AFSCME MOU, if a covered employee. Nonexempt regular employees that pass probation will receive a 2.5% salary increase to their salary effective the start of the pay period following the completion of probation.

**12. Can I or my department opt out of FLSA changes if we want to handle things differently?**

No. These changes are driven by changes to federal law that will apply to employees across the United States, not by UMB's policymakers or individual departments. The University has and will continue to consult with departments across campus on factors impacting UMB's response to these regulatory changes. However, guidelines will be established centrally to ensure the University's response is consistent, non-discriminatory, sustainable, and legally compliant.

**13. What does all this mean for me?**

In some cases, employee classifications may change from FLSA exempt to nonexempt. If you are in a position that is reclassified from exempt to nonexempt, you will become eligible

to earn overtime wages if you work over 40 hours during a given week. This may change the way you report your hours worked, in order to document the time you are eligible for overtime earnings.

Some employees will remain exempt and will receive salary increases to ensure that they are at the new minimum salary.

Some employees will be required to increase their weekly hours to ensure that their pay meets the new minimum salary.

**14. Will all currently exempt employees under the new minimum salary receive a pay increase to remain exempt?**

No, there is limited funding available to raise salaries to the new minimum salary. A comprehensive review of UMB exempt jobs was conducted and it was determined that the University would no longer be able to support seven currently exempt classified positions as exempt and they would need to convert to nonexempt. Employees should not automatically expect a salary increase due to the new ruling.

**15. Are currently nonexempt employees affected by the changes?**

No, employees currently in nonexempt positions will not be affected.