

SEATTLEU

WA State Overtime Rule
Effective January 1, 2023
Staff Info Session

→ Other January 1, 2023 Effective Date Items

- 2023 Benefits Plans – costs, changes in plan features
- 403(b) plan changes – auto enrollment feature, 5-5-5 plan feature
- Pay Transparency Law – where we are, where we are headed

→ What is the Fair Labor Standards ACT (FLSA)

- A federal law governed by the Department of Labor that was established in 1938 to establish:
 - Minimum wage
 - Overtime pay
 - Recordkeeping
 - Youth employment standards
- Affects employees in the private sector and in Federal, State, and local governments.

→ What is the Washington Minimum Wage Act (WMWA)?

- A state law governing wages, overseen by the Washington Department of Labor and Industries (L&I), which provides guidance to Washington employers on state wage and hour topics.
- These policies are generally more favorable toward employees than the federal Fair Labor Standards Act (FLSA).
- As an employer in the state of Washington, Seattle U must comply with both federal and state wage and hour laws and regulations

→ Exempt Salary Level Threshold in WA

- Salary threshold changes on Jan. 1, 2023
 - The state's minimum wage increased to \$15.74 an hour.
 - Seattle's minimum wage will be \$18.69 per hour.
 - Beginning Jan. 1, 2023, employees of employers with 51 or more employees, will have to earn at least 2 times the state minimum wage (\$1,259.20 a week/\$65,478.40 a year) to be exempt.
- Starting in 2028 and beyond
 - All exempt salaried employees will have to earn 2.5 times the state minimum wage, regardless of the number of employees where they work.
 - Based on current projections, that will be an estimated \$1,794.00 a week (\$93,288.00 a year). These numbers will likely change depending on inflation and the current minimum wage in 2028.
 - Subsequent January 1 threshold levels will continue to increase as the WA state minimum wage rate increases; however, the minimum wage multiplier will remain 2.5 times so significant increases to the threshold are not expected.

State of Washington Salary Level Threshold Implementation Schedule

| Effective Dates | Actual | | | | <i>*Projected</i> | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|-------------------|---------------|---------------|---------------|---------------|
| | July 1, 2020 | Jan. 1, 2021 | Jan. 1, 2022 | Jan. 1, 2023 | Jan. 1, 2024* | Jan. 1, 2025* | Jan. 1, 2026* | Jan. 1, 2027* | Jan. 1, 2028* |
| Weekly: | \$675 | \$959 | \$1,015 | \$1,259 | \$1,332 | \$1,533 | \$1,557 | \$1,761 | \$1,794 |
| Annually: | \$35,100 | \$49,831 | \$52,744 | \$65,479 | \$69,264 | \$79,701 | \$80,964 | \$91,572 | \$93,288 |
| Minimum Wage Multiplier: | 1.25x | 1.75x | 1.75x | 2x | 2x | 2.25x | 2.25x | 2.5x | 2.5x |
| % increase over prior year: | | 42% | 6% | 24% | 6% | 15% | 2% | 13% | 2% |

Exempt or Nonexempt Determinations

- All positions at Seattle U are nonexempt until HR Compensation completes a 3-part exemption analysis. Failure to pass all 3 parts means a position is nonexempt. The 3-part test includes:
 - Salary Basis
 - Salary Level
 - Duties & Responsibilities
- Most utilized exemption tests at the university: Teacher, Executive, Administrative and Professional.
- The WA State OT Rule changed the Salary Level requirements of the exemption test for Executive, Administrative and Professional.

→ Impacts of converting to nonexempt

- Submitting a timesheet for each pay period. For most, the timesheet is prepopulated for 7.5 hours per scheduled workday. Variances to the scheduled time is entered and submitted for supervisor approval.
- Change in pay dates – now the 10th of each month for the pay period of the 16th to the end of the prior month; and the 25th for the 1st through the 15th of the same month.
- Although overtime may occasionally be necessary, we are approaching this with the idea that a healthy work-life balance includes regularly working within a 37.5-hour week.



Pay **ALL** Hours Worked

- Non-exempt staff must be paid for ALL hours for work assignments or activities done outside the scheduled work hours.
- Examples:
 - Reading or sending emails
 - Listening to voicemails
 - Sending text messages
 - Being asked to handle institutional business during a lunch break

Overtime Pay

- Standard work week at Seattle U is 37.5 hours.
- Overtime will be paid at 1.0 rate for hours above regular standard workweek and below 40; or if less than a 1.00 FTE for all hours over the regularly scheduled work time. Any hours worked above 40 will be paid at 1.5 rate.



Meal and Breaks

Meal Breaks

- In Washington, employees who will work more than five consecutive hours are entitled to a 30-minute meal break, not less than two hours nor more than five hours from the beginning of their shifts. This time must be paid if the employee is on duty or is required to be at a site for the employer's benefit. Otherwise, the break may be unpaid.
- Employees who work three or more hours longer than their regular workday are entitled to an additional 30-minute break, before or during their overtime.

Rest Breaks

- Washington employees are entitled to paid rest breaks. Employees must be allowed a paid ten-minute rest break for each four-hour work period, scheduled as near the midpoint of the work period as possible.
- Employees cannot be required to work more than three hours without a rest break.
- Scheduled rest breaks are not required if the nature of the work allows employees to take intermittent rest breaks equivalent to the required standard.



Travel Time

- Generally, time spent traveling for work is compensable unless it is normal home-to-work commute time.
- Time spent traveling is considered hours worked and must be included when determining overtime pay obligations.
- See [Employment Policies Section 800](#) for an example on compensable travel time.

→ "Flex" Time v. "Comp" Time

- Arrangements for compensatory ("comp") time in lieu of overtime is prohibited.
- Supervisors may approve schedule adjustments for non-exempt employees within a workweek so that the employee does not exceed normally scheduled hours.
 - For example, a non-exempt employee could work 3 extra hours on a Tuesday for a campus event and leave 3 hours early on Thursday of the same workweek and still record 37.5 hours for the workweek.



Negative Perceptions

| Perception | Reality |
|---|---|
| Change is really a demotion | The change is in a response to a wage and hour compliance requirement for WA state. Job duties, market reference range (MRR), and employee benefits are not impacted. |
| Can't complete work without overtime | Supervisors must be informed in advance if overtime is required as all hours worked must be paid. Therefore, supervisors need to be diligent in working with staff to prioritize work, reimagine the work and consider what needs to stop, start or continue. |
| Loss of flexibility | Good communication will be essential in ensuring that all time worked is documented. The change comes with some healthy benefits such as requiring staff to step away and take meal and rest breaks. Work life balance with a 37.5 hour work week. |
| The role isn't valued or respected by the Institution | All roles at SU are important and essential to the successful operation of the institution. All employees must be treated with respect and dignity regardless of the FLSA status. In the next few years, most staff roles at SU will be non-exempt. |

Resources

- [HR Webpage: WA State Minimum Wage Act](#)
 - [FAQs Time Entry in mySeattleU](#)
 - [Nonexempt Payroll Calendar 2022-2023](#)
 - [Linkedin Learning Video: Wage and Hour Laws](#)
 - [FAQ Washington State Overtime Rule](#)
- [WA Overtime Rule Change Fact Sheet](#)
- [Time Entry Training for Nonexempt Employees](#)
- [Salaried vs. Nonexempt L&I Fact Sheet](#)

WA State Minimum Wage Act

HUMAN RESOURCES

CAREERS AT SU

BENEFITS

COMPENSATION

WA STATE MINIMUM WAGE ACT

STAFF PAY PROGRAM

POSITION EVALUATION

BENCHMARKING AND MARKET ANALYSIS

MARKET REFERENCE RANGES

The Salary Threshold

In 2019, at the direction of Governor Jay Inslee, a new schedule of minimum salary thresholds specifically apply to the many university positions.

For January 1, 2023, the minimum salary threshold exemption will be \$65,478.40 per year (\$1,200 per month) for "Professional" staff members who earn less than this amount. Employees who are currently classified as "Professional" and whose salary is below this threshold will be reclassified to "Nonexempt Professional" on January 1, 2028, at which time the projected salary levels are shown in the [Chart 2023-2028 for the projected salary levels](#) and the [Fact Sheet](#).

[Position Classification](#)

Q & A

