

Northwestern | RESEARCH

The Office for Research and the Office of Human Resources, in collaboration with key research leaders, have assessed the impact of the new Fair Labor Standards Act (FLSA) regulations on certain research roles at Northwestern. The FLSA is the federal law that establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in federal, state, and local governments. Employees who occupy bona fide executive, administrative, professional, outside sales, and certain computer roles are exempt from overtime and minimum wage. Exemption qualification requires that: 1) jobs meet certain criteria; 2) jobholders are paid on a salary basis (versus hourly); and 3) jobs meet a minimum salary threshold.

The updated FLSA regulations will go into effect on December 1, 2016, with the intent that overtime protections continue to separate workers who are entitled to overtime from those who are exempt from receiving overtime. To do this, the updated regulations mandate an increase to the salary level threshold to qualify for exemption from overtime and the federal minimum wage. **As of December 1, 2016, the salary level will change from \$23,660 per year to \$47,476 per year.**

Other key changes in the FLSA regulations include:

- The new salary level threshold for overtime eligibility is set at the 40th percentile of earnings of full-time workers in the lowest wage census region in the U.S, currently the south, which is \$913 per week or \$47,476 annually for a full-year worker.
- To be considered “highly compensated,” an employee must earn \$134,004 or greater which is equivalent to the 90th percentile of full-time salaried workers nationally. This designation subjects an individual to certain limits when contributing to retirement plans as specified in the Internal Revenue Code Section 414(q)(1)(B).
- Automatic updates to the salary level threshold will occur every three years, beginning January 2020, to maintain the levels at the above percentiles and to ensure that they continue to provide useful and effective tests for determining overtime exemption.
- Additionally, the updated regulations amend the salary basis to allow employers to use nondiscretionary bonuses and incentive payments to satisfy up to 10 percent of the new standard salary level.

Listed below is a summary of the FLSA impact on Research Associates, Postdoctoral Fellows, Research Faculty, and Post-Baccalaureate Research Fellows.

Research Associates (including Senior and Clinical): The nature of the role satisfies the criteria for exemption under the duties test of the FLSA and as such individuals with these appointments should be classified as exempt (monthly) professionals who work on either a full- or part-time basis. (Part-time is less than 37.5 hours per week.) **The minimum salary**

threshold under the FLSA for a full time professional is \$47,476 per year and \$913 per week for a part time professional.

Postdoctoral Fellows: The nature of the role satisfies the criteria for exemption under the duties test of the FLSA and as such individuals with these appointments should be classified as exempt (monthly) professionals who work on a full-time basis. **The minimum salary threshold under the FLSA for a full-time professional is \$47,476 per year.**

Research Faculty: The nature of the role satisfies the criteria for exemption under the duties test of the FLSA and as such individuals with these appointments should be classified as exempt (monthly) professionals who work on either a full- or part-time basis. (Part-time is less than 37.5 hours per week.) **The minimum salary threshold under the FLSA for a full-time professional is \$47,476 per year and \$913 per week for a part-time professional.**

Post-Baccalaureate Research Fellows: The nature of the role supports a nonexempt classification under the duties test of the FLSA. These individuals are paid on an hourly basis and may work a full- or part-time schedule. (Part-time is less than 37.5 hours per week.) **They are subject to the applicable local minimum wage rate of \$10.50/hour.**

The FLSA Regulations – [Research Appointment Guidelines](#) provides more detailed information regarding current Northwestern research-related positions and the impact of the new FLSA regulations.

For questions about the FLSA, please contact Anniese Lemond, Senior Director, Compensation, Office of Human Resources, at (847) 491-4378 or anniese-lemond@northwestern.edu. For questions about research appointments, please contact Claire Landis, Associate Director, Administrative Services, Office of Research, at (847) 467-4778 or claire.landis@northwestern.edu.