



AG Call
November 19, 2019

Agenda:

- PY: Non-Standard Payroll
- 2019 FSA Unsubstantiated Claims
- FLSA Rule Change
 - Project Background Information
 - FLSA Defined
 - Overtime/Comp Time
 - Employees Who Will be Impacted
 - HRS Changes
 - Next Steps
 - Project Resources
 - Next Call: 12/3/19

PY: 12B Non-standard Payroll

- Reminder: The 12B payroll confirms on Monday, December 23 at noon.
 - Employees are strongly encouraged to have all time entered and approved before Friday, December 20
 - Absence will process on Sunday, December 22.
 - Underpaid Absence report will be sent early Monday, December 23.
 - Absence updates must be completed prior to 10:00 am on Monday to impact 12B checks.

2019 FSA Unsubstantiated Claims

Reminders regarding the FSA unsubstantiated claims process:

- FSA's are tax-free accounts subject to IRS regulations.
- IRS regulations require all FSA claims to be substantiated.
- More than 90% of debit card transactions are auto-substantiated.
- Claims not auto-substantiated go through a recovery process.
- All claims 1/1/2019 – 12/31/2019 should be resolved with TASC **by 12/31/2019**.
- Claims 1/1/2019 – 12/31/2019 may be resolved with TASC **01/01/2020 – 03/31/2020**; however, they may also go through the payroll withholding process.

Resource:

www.wisconsin.edu/ohrwd/benefits/fsaunsubstantiated

2019 FSA Unsubstantiated Claims

Notification for all claims throughout the year: If a claim is not auto-substantiated, it requires the participant to substantiate, substitute or repay the amount of the claim. The participant receives communications directly from TASC (FSA administrator):

- **1st notice:** 1 day after the debit card transaction
- **2nd notice:** 15 days after the transaction
- **3rd notice:** 30 days after the transaction

If a claim is not resolved within **45 days**, the claim is denied and the participant's debit card is deactivated.

2019 FSA Unsubstantiated Claims

There are additional notifications toward the end of the year specifically for the unsubstantiated claims process:

- **From TASC:** 11/15*, 11/29, 12/6 and 12/20*
- **From UW System HR:** week of 12/9 (reminder email) and week of 1/13 (notice that payroll withholding will occur)

**These communications are sent U.S. mail and email; all other communications are only sent via email.*

Institutions should contact employees directly with balances greater than \$250. Claims that remain unresolved after the payroll withholding process (3/31/20) will be converted to business debt owed to ETF.

2019 FSA Unsubstantiated Claims

How to Resolve Unsubstantiated Claims:

- Substantiate with documentation,
- Substitute with a different eligible expense or
- Repay the amount of the unsubstantiated claim(s) to TASC.

Unsubstantiated Claims as of 10/16/19:

- **821** at or less than \$100
- **381** between \$100.01 and \$250
- **565** greater than \$250

Next report (anticipated): week of 11/18/2019.

2019 FSA Unsubstantiated Claims

UW System HR will send the next report and TASC communication to the institutions.

Payroll Withholding Process (1/1/2020 – 3/31/2020):

- **Balances less than or equal to \$100:** withheld from 1 paycheck
- **Balances greater than or equal to \$100.01:**
 - **Monthly:** equal payroll deductions (withheld from 2 paychecks)
 - **Biweekly:** equal payroll deductions (withheld from 5 paychecks)

Claims that remain unresolved after the payroll withholding process (3/31/2020) are converted to business debt owed to ETF.

2019 FSA Unsubstantiated Claims

Pay Dates for the Payroll Withholding Process:

- **Monthly:** 1/31/2020 and 2/28/2020
- **Biweekly:** 1/30/2020, 2/13/2020, 2/27/2020, 3/12/2020 and 3/26/2020

*Participants resolving unsubstantiated claims after the payroll withholding process has started **must** complete a paper TASC Plan Correction Request Form*

Participants are encouraged to resolve unsubstantiated claims **by 12/31/2019** to avoid the payroll withholding process; however, participants may resolve **with TASC** 1/1/2020 - 3/31/2020.

If a participant resolves 1/1/2020 - 3/31/2020 during the payroll withholding process, **the participant should work directly with TASC for a refund.**

2019 FSA Unsubstantiated Claims

Employees with questions should contact TASC. Due to the complexities of the recovery process, TASC is the most appropriate resource to answer questions regarding participant accounts.

TASC Customer Care

844-786-3947 or 608-316-2408

1customercare@tasconline.com

Resource: *A summary of the FSA unsubstantiated claims process, employee communications and tentative timeline may be found at:*

www.wisconsin.edu/ohrwd/benefits/fsaunsubstantiated

No action necessary at this time. Additional information regarding the payroll withholding process and updated affected employee counts and amounts will be provided mid-December.

Project Background Information

- This project is required to comply with US Department of Labor (DOL) Fair Labor Standards
- The FLSA threshold will be \$684 per week (previous was \$455 per week)
 - Employees below this threshold will move to a non-exempt FLSA status
- Your HR Directors have been actively reviewing and validating employees that are below or close to the FLSA threshold
- This change will take place January 1, 2020

What is FLSA

- The Fair Labor Standards Act of 1938 is the US Department of Labor (DOL) federal wage and hour law.
- Everyone is “covered” but some employees are **exempt** (salaried) and some are **non-exempt** (hourly).
- The FLSA requires that **non-exempt employees** be paid 1.5 times the regular rate of pay in overtime (OT) or compensatory time for all hours worked over 40 in a workweek.

The Difference Between Exempt & Nonexempt

Exempt

- Salaried
- Don't report hours worked
- Leave accounted for in half-day or full-day increments
- Not eligible for OT/compensatory time

Non-exempt

- Hourly
- Report all hours worked
- Leave accounted for in 15 minute increments
- Eligible for OT/compensatory time

Overtime & Compensatory Time

Overtime

- Non-exempt employees are eligible for Overtime (OT) at time-and-one-half (1.5) for all hours worked over 40 in a workweek.
- Hours of paid leave time are not counted towards the 40 for FLSA purposes.
- Hours over 40 in a workweek does not mean over 8 in a day.

Compensatory Time

- Non-exempt employees may receive comp time at a rate of 1.5 hours for each hour worked, over 40 in a workweek, instead of cash overtime pay.
- If a UW System institution allows the use of comp time, an employee may accumulate up to 80 hours of comp time.
- The institution has the discretion to approve scheduled use.

Overtime & Compensatory Time

- Discussions may need to take place with your HR Directors to review your institution's policy on overtime and comp time
 - Is comp time within your institution's policy?
- Discussions may also need to take place with managers of employees who fall under this threshold.
 - Is budget monitoring necessary?

Threshold Exemption Reasons

- The FLSA Threshold Exemption field is used to indicate the reason for the exemption

Work Location	Job Information	Job Labor	Payroll	Salary Plan	Compensation	UW Custom	UW Benefits
Employee		Empl ID		Empl Record			
UW Custom Data Find 1 of 2 Last							
Effective Date 11/01/2019			Action Data Change				
Effective Sequence 1			Reason Job Data Update Misc				
HR Status Active			Job Indicator Primary Job				
Payroll Status Active			Current				
Continuity Status Information			Probation				
*Continuity 02C			Probation Type Not Required				
Job Security			Probation End Date				
Guaranteed Length							
Rate Exceptions			Additional				
Under Min: <input type="checkbox"/>			Working Title RESEARCH INTERN Reset				
Over Max: <input type="checkbox"/>			FLSA Threshold Exemption				
External Systems			Encumbrances				
Source System			Business Unit UWM				
Number			Fiscal Year 2020				
			Session FY				
Non-Resident Alien Info			Position of Trust				
Income Code (for 1042-S)			Position of Trust No				
			Last Date Checked				
Job Data	Employment Data	Earnings Distribution	Benefits Program Participation				

Impacts for Employees/Managers

- Changes for HR administrators:
 - Evaluation of FLSA status when hiring, rehiring and transferring employees
- Changes for PY Administrators:
 - Monitoring reports regarding the FLSA status review
- Changes for managers:
 - Review/approve time for non-exempt FA/AS/LI employees
 - Monitoring budget for overtime pay
- Changes for employees:
 - Report time and absence on a timesheet (will have an e-40 elapsed exception schedule defaulted)
 - Budget on a biweekly basis

HRS Changes

- FLSA Threshold Exemption field (UW Custom tab)
- New Pay Groups for FAASLI Nonexempt Staff
 - HCR – FAASLI nonexempt academic
 - HFR – FAASLI nonexempt annual
 - HMR – FAASLI nonexempt summer session
 - HVR – FAASLI nonexempt summer service
 - HCF – Nonexempt fellow/scholar academic
 - HFF – Nonexempt fellow/scholar annual
 - HVF – Nonexempt fellow/scholar summer service

HRS Changes, Continued

Earnings Codes (FAASLI Nonexempt Regular)

- Will be paid reg pay and overtime on existing hourly earnings codes: HRG, OTR, OSR, etc.
- Lump sums for this population continue to be paid on the existing FAASLI lump sum earnings codes: LWR, UOL, UPE, etc.
 - New lump sum codes may be forthcoming – information will be provided in a future call
- New earnings code created to pay ALRA use hourly: PAL

Earnings Codes (FAASLI Nonexempt Fellows)

- Will be paid regular stipend on existing codes: STI, SIF
- Lump sums for this population continue to be paid on existing stipend lump codes: STL, SLF
- New earnings codes created to pay OT, comp time, standby:
 - OSN/OSF - Overtime at 1.0
 - OTN/OTF - Overtime at 1.5
 - PCN/PCF - Comp time use
 - PCO/POF - Comp time payout
 - C13/C14 - Standby @ \$2.25/hr

Next Steps

- Complete the status review and return the list of identified employees (due December 2)
- Mass update job will run on December 26 – January 3
- 12M calc date is December 17
- Make updates to general deductions, direct deposit, W-4, WDC and/or TSA between December 18 and January 4

FLSA Project Resources

- The Project Readiness Page will provide general information and resources regarding the FLSA Rule Change. This page will be available November 19.

<https://uwservice.wisconsin.edu/hrs/project-readiness>

- FLSA Rule Implementation Resources and Toolkit

<https://www.wisconsin.edu/ohrwd/flsa/>

12/3 AG Call FLSA Topics

- Transitional Information/Tasks
- Communication
 - An email is scheduled to be sent on 12/6 from Service Operations to impacted employees.
- Training Resources
 - HR Administrators: Updates to hiring, rehiring and transferring documents (FLSA Status field)
 - PY Coordinators: Reporting
 - Managers: Time approval
 - Employees: Time and absence entry

Institutional Feedback

- If you have questions that were not entered in the chat feature, submit those to your AG.
- **Reminder: W-4 Workshop #1 today at 9:30 am**
 - Target: Payroll Coordinators and W4 POC's
 - Call in information:
 - Blackboard link:
<https://us.bbcollab.com/guest/b6a3fcbeb46c43069b8a101f5a97739d>
 - Phone number: 1-866-244-1129
 - Passcode: 8646 190#