Quick Survey on Implementation of New FLSA Rules (U.S.)
October 2016

Introduction and Methodology

On May 18, the U.S. Department of Labor released the final rules updating the Fair Labor Standards Act of 1938 (FLSA) overtime regulations. Among other changes, the final rule raises the standard salary level threshold for exemption from $455/week to $913/week or $47,476 per year, effective Dec. 1, 2016.

This report summarizes a snapshot survey conducted by WorldatWork to gather information about how organizations are implementing the increase to the standard salary level threshold.

On Sept. 23, 2016, survey invitations were electronically sent to 10,024 U.S. WorldatWork members with compensation and HR generalist in their title. It was also promoted to WorldatWork members via social media and on the WorldatWork homepage. The survey closed on Sept. 30, 2016, with 1,222 responses. The dataset was cleaned, resulting in a final dataset of 948 responses.

The demographics of the survey sample and the respondents are similar to the WorldatWork membership as a whole. The typical WorldatWork member works at the managerial level or higher in the headquarters of a large company in North America.

The frequencies or response distributions listed in the report show the number of times or percentage of times a value appears in a dataset. Due to rounding, frequencies of data responses provided in this survey may not total 100%.

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Demographics

Figure 1: “Please choose the total number of full-time employees (FTEs) your organization employs worldwide:” (n=679)

Option	Percentage
Fewer than 100 employees	3%
100 to 499	10%
500 to 999	8%
1,000 to 2,499	17%
2,500 to 4,999	15%
5,000 to 9,999	17%
10,000 to 19,999	13%
20,000 to 39,999	8%
40,000 to 99,999	7%
100,000 or more employees	2%

Figure 2: “Please choose one category that best describes the industry in which your organization operates:” (n=678) *Industries with less than 2% are not listed in this table.*

Option	Percentage
Health Care & Social Assistance	16%
All Other Manufacturing	13%
Finance & Insurance	13%
Consulting, Professional, Scientific & Technical Services	8%
Information (includes Publishing, IT, etc.)	8%
Educational Services	6%
Retail Trade	5%
Public Administration	4%
Other Services (except Public Administration)	3%
Utilities, Oil & Gas	3%
Accommodations & Food Services	2%
Computer & Electronic Manufacturing	2%
Pharmaceuticals	2%
Transportation	2%
Wholesale Trade	2%
Other	8%

Detailed Survey Results

Figure 3: "Prior to making any changes as a result of the new FLSA rules, what portion of your organization's U.S. employees is nonexempt from FLSA requirements?" (n=931)

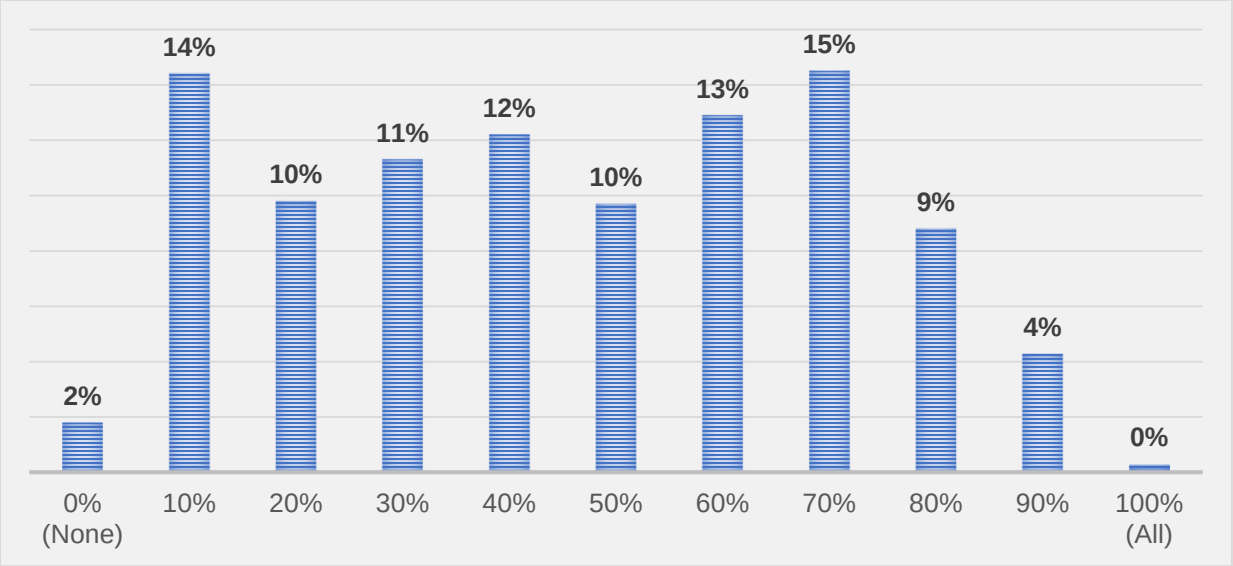
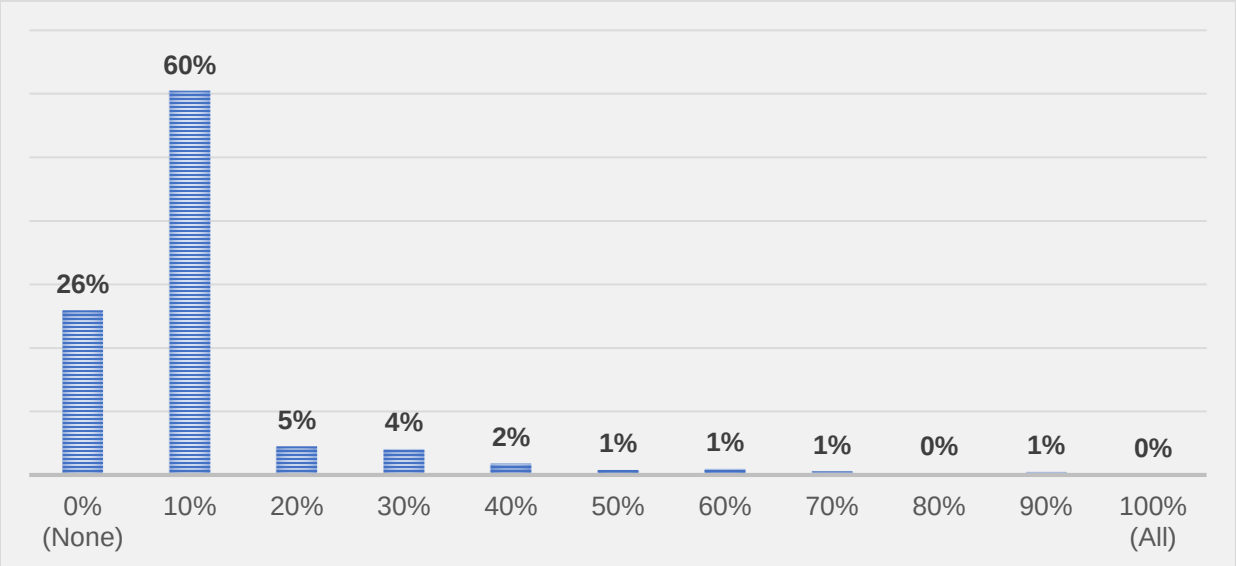


Figure 4: "Prior to making any changes as a result of the new FLSA rules, what portion of your organization's workforce is exempt but falls below the new standard salary level threshold?" (n=930)[1]



[1] The portion of an organization's exempt workforce that falls below the new standard salary level threshold was represented in static percentage categories and participants were unable to indicate a portion less than 10%.

Figure 5: “How are you addressing or planning to address employees that were exempt under the old rules who fall below the new standard salary level threshold?” (n=701)

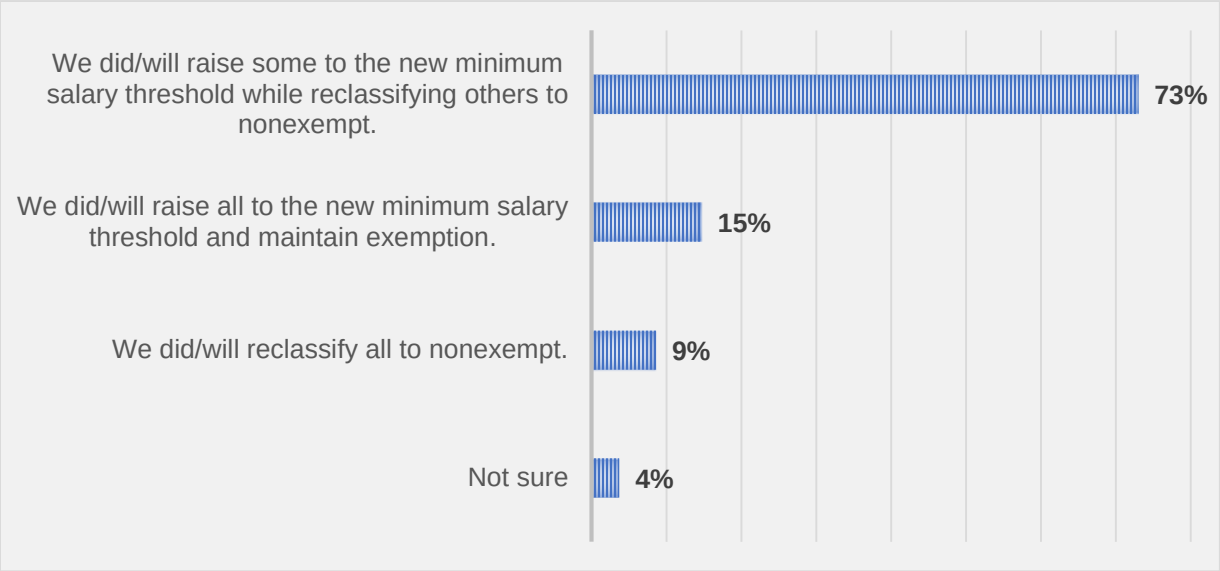


Figure 5a: Approach to Compliance, by Organization Size (Number of FTEs)

	Fewer than 500 employees (n=89)	**500 to 2,499** (n=172)	**2,500 to 9,999** (n=216)	**10,000 to 39,999** (n=141)	**40,000 or more employees** (n=59)
We did/will raise some to the new minimum salary threshold while reclassifying others to nonexempt.	62%	67%	82%	75%	83%
We did/will raise all to the new minimum salary threshold and maintain exemption.	19%	17%	9%	16%	14%
We did/will reclassify all to nonexempt.	16%	11%	7%	6%	2%
Not sure	3%	5%	2%	3%	2%

Figure 5b: Approach to Compliance, by Industry[2]

	All Other Manufacturing (n=85)	**Finance & Insurance** (n=88)	**Health Care & Social Assistance** (n=111)
We did/will raise some to the new minimum salary threshold while reclassifying others to nonexempt.	71%	78%	84%
We did/will raise all to the new minimum salary threshold and maintain exemption.	17%	12%	2%
We did/will reclassify all to nonexempt.	9%	8%	10%

[2] Industries included in the table had a minimum percentage of overall response greater than 10%. (See Figure 2.)

Not sure	4%	1%	5%

Figure 5c: Approach to Compliance, by Size of Nonexempt Workforce

	Percentage of Workforce that is Nonexempt										
	0% (None) (n=10)	**10%** (n=86)	**20%** (n=60)	**30%** (n=78)	**40%** (n=91)	**50%** (n=67)	**60%** (n=94)	**70%** (n=108)	**80%** (n=65)	**90%** (n=27)	**100% (All)** (n=0)
We did/will raise some to the new minimum salary threshold while reclassifying others to nonexempt.	30%	56%	75%	68%	77%	78%	78%	82%	75%	78%	0%
We did/will raise all to the new minimum salary threshold and maintain exemption.	20%	22%	18%	21%	13%	6%	12%	9%	17%	15%	0%
We did/will reclassify all to nonexempt.	20%	14%	5%	8%	8%	13%	7%	7%	6%	4%	0%
Not sure	30%	8%	2%	4%	2%	3%	3%	3%	2%	4%	0%

Figure 5d: Approach to Compliance, by Size of Exempt Workforce that Fall Below New Threshold[3]

	Percentage of Exempt Workforce that Fall Below New Threshold										
	0% (None) (n=0)	**10%** (n=560)	**20%** (n=41)	**30%** (n=37)	**40%** (n=17)	**50%** (n=7)	**60%** (n=9)	**70%** (n=6)	**80%** (n=3)	**90%** (n=5)	**100% (All)** (n=0)
We did/will raise some to the new minimum salary threshold while reclassifying others to nonexempt.	0%	74%	73%	70%	71%	57%	78%	83%	67%	60%	0%
We did/will raise all to the new minimum salary threshold and maintain exemption.	0%	16%	10%	11%	12%	0%	11%	0%	33%	20%	0%
We did/will reclassify all to nonexempt.	0%	7%	12%	14%	12%	43%	0%	17%	0%	0%	0%

[3] Count for group is less than 30; data corresponding to larger sample sizes will have stronger statistical power and validity.

Not sure	0%	3%	5%	5%	6%	0%	11%	0%	0%	20%	0%

Figure 6: "For employees reclassified from exempt to nonexempt, will this change the workplace flexibility options available to them at your organization?" (n=588)

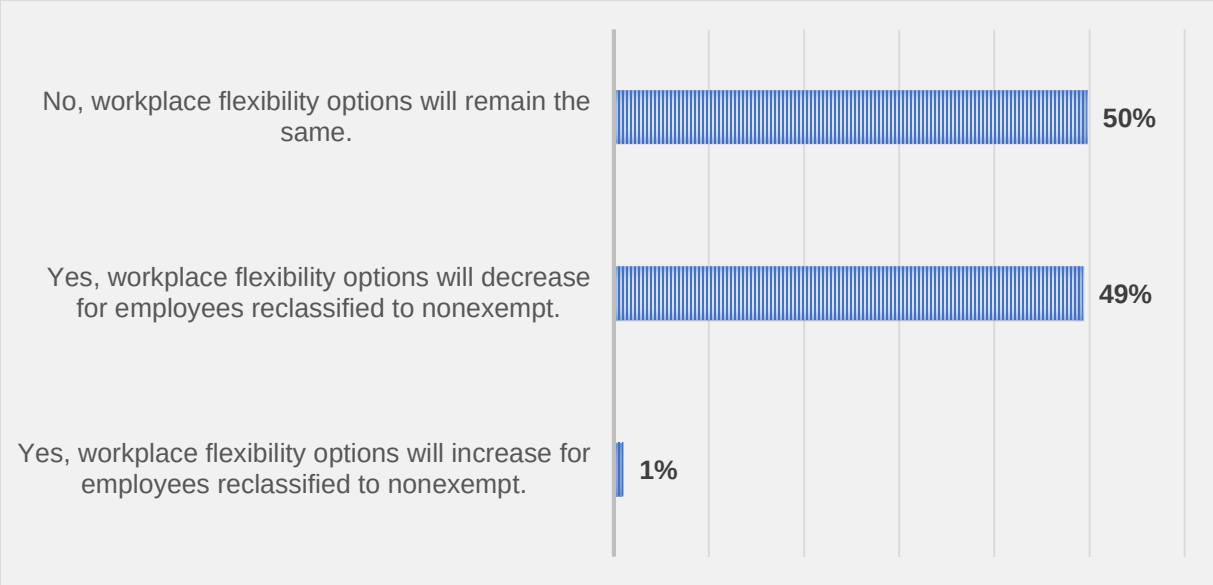


Figure 6a: Effect of Reclassification to Nonexempt on Flexibility, by Organization Size (Number of FTEs)

	Fewer than 500 employees (n=73)	**500 to 2,499** (n=142)	**2,500 to 9,999** (n=196)	**10,000 to 39,999** (n=116)	**40,000 or more employees** (n=51)
No, workplace flexibility options will remain the same.	59%	42%	57%	36%	55%
Yes, workplace flexibility options will decrease for employees reclassified to nonexempt.	37%	58%	43%	62%	45%
Yes, workplace flexibility options will increase for employees reclassified to nonexempt.	4%	0%	1%	2%	0%

Figure 6b: Effect of Reclassification to Nonexempt on Flexibility, by Industry[4]

	All Other Manufacturing (n=70)	**Finance & Insurance** (n=77)	**Health Care & Social Assistance** (n=109)
No, workplace flexibility options will remain the same.	57%	53%	39%
Yes, workplace flexibility options will decrease for employees reclassified to nonexempt.	43%	46%	61%
Yes, workplace flexibility options will increase for employees reclassified to nonexempt.	0%	1%	1%

Figure 6c: Effect of Reclassification to Nonexempt on Flexibility, by Size of Nonexempt Workforce

	Percentage of Workforce that is Nonexempt										
	0% (None) (n=6)	**10%** (n=67)	**20%** (n=49)	**30%** (n=62	**40%** (n=78)	**50%** (n=61)	**60%** (n=83)	**70%** (n=97)	**80%** (n=53)	**90%** (n=23)	**100% (All)** (n=0)
No, workplace flexibility options will remain the same.	100%	61%	45%	53%	51%	57%	48%	38%	42%	39%	0%
Yes, workplace flexibility options will decrease for employees reclassified to nonexempt.	0%	36%	55%	47%	46%	43%	51%	61%	59%	61%	0%
Yes, workplace flexibility options will increase for employees reclassified to nonexempt.	0%	3%	0%	0%	3%	1%	1%	0%	0%	0%	0%

[4] Industries included in the table had a minimum percentage of overall response greater than 10%. (See Figure 2.)

Figure 7: “How have/will the changes you make as a result of the new standard salary level threshold affect your overall costs?” (n=694)

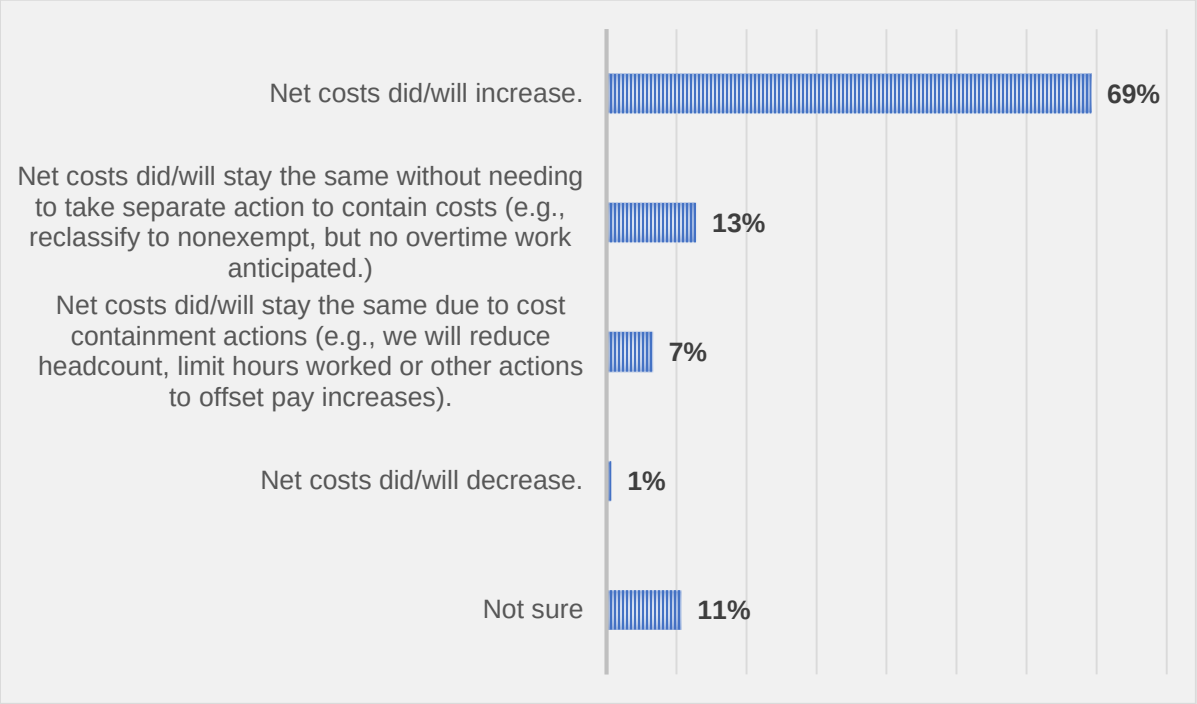


Figure 8: “Have/will the changes you make as a result of the new standard salary level threshold cause a reduction of planned pay budget increases for your next fiscal year for all or a portion of your workforce?” (n=685)

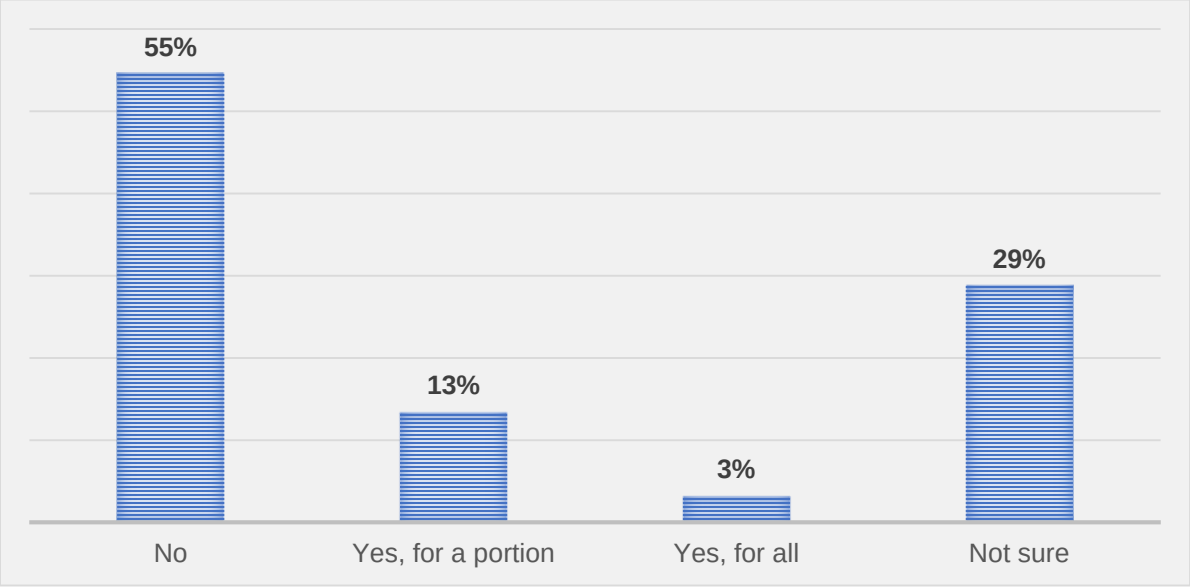


Figure 8a: Compliance Activities Cause Reduction of Planned Pay Budget Increases for Next Year, by Organization Size (Number of FTEs)

	Fewer than 500 employees (n=90)	**500 to 2,499** (n=172)	**2,500 to 9,999** (n=215)	**10,000 to 39,999** (n=140)	**40,000 or more employees** (n=59)
No	60%	56%	52%	54%	53%
Yes, for a portion	14%	9%	14%	17%	17%
Yes, for all	2%	5%	3%	4%	0%
Not sure	23%	29%	32%	26%	31%

Figure 8b: Compliance Activities Cause Reduction of Planned Pay Budget Increases for Next Year, by Industry[5]

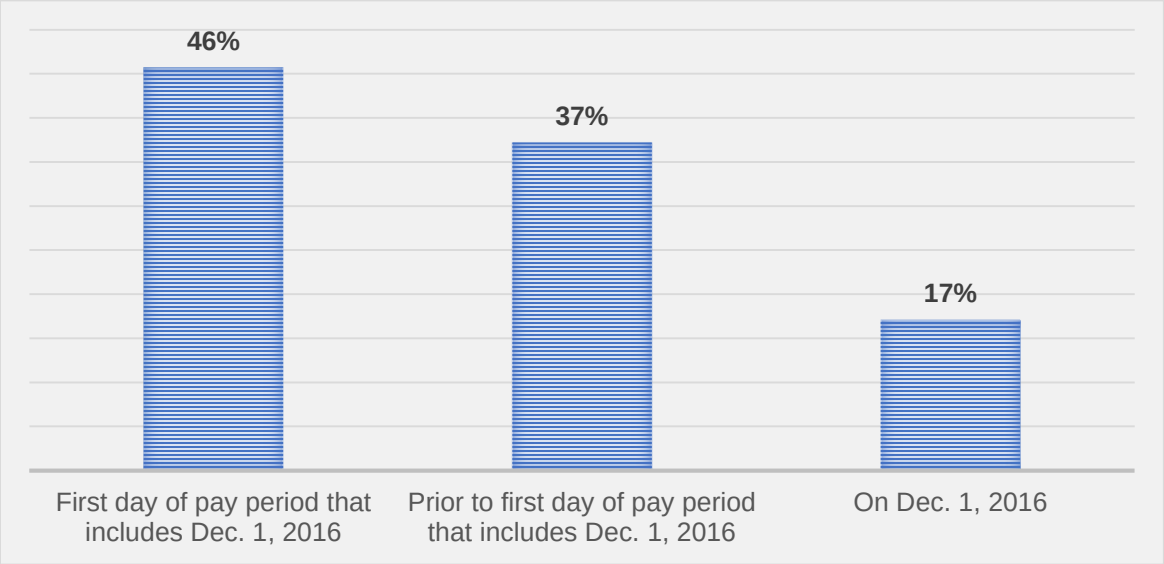
	All Other Manufacturing (n=84)	**Finance & Insurance** (n=88)	**Health Care & Social Assistance** (n=110)
No	69%	65%	54%
Yes, for a portion	11%	13%	8%
Yes, for all	1%	1%	4%
Not sure	19%	22%	35%

Figure 8c: Compliance Activities Cause Reduction of Planned Pay Budget Increases for Next Year, by Size of Nonexempt Workforce

	Percentage of Workforce that is Nonexempt										
	0% (None) (n=8)	**10%** (n=85)	**20%** (n=60)	**30%** (n=76)	**40%** (n=89)	**50%** (n=66)	**60%** (n=94)	**70%** (n=105)	**80%** (n=65)	**90%** (n=27)	**100% (All)** (n=0)
No	88%	53%	53%	55%	58%	55%	47%	53%	60%	52%	0%
Yes, for a portion	0%	14%	12%	13%	12%	9%	16%	13%	17%	22%	0%
Yes, for all	0%	4%	3%	5%	1%	3%	5%	2%	2%	7%	0%
Not sure	13%	29%	32%	26%	28%	33%	32%	31%	22%	19%	0%

[5] Industries included in the table had a minimum percentage of overall response greater than 10%. (See Figure 2.)

Figure 9: “When did/will the changes you make as a result of the new standard salary level threshold take effect?” (n=685)



Participating Organizations

Abt Associates
Ace Hardware Corp.
ACS Technologies
Activision Blizzard
Adnoh Inc. dba Howdy Honda
ADT
Advanced Technology Services
Aflac
AgFirst Farm Credit Bank
Agnesian HealthCare
AIG
Alion Science and Technology
Allianz Worldwide Partners
Allied Building Stores Inc.
Allina Health
Alzheimer's Association
American Cancer Society
American Eagle Outfitters
American Financial Group
American Greetings
American University
AmeriGas Propane
AmeriHealth Caritas
Amneal
AMSEC LLC
Aon
AORN Inc.
Apogee Enterprises Inc.
Aramark Uniform Services
ArrMaz
ARUP Laboratories
Ascena Retail Group Inc.
ASM Research
Assurant
ATI
Atrius Health
Aurora Health Care
Autoclub of Southern California
AutoNation
Availity LLC
Avis Budget Group
Ball Aerospace
Banfield Pet Hospital
Banner Bank
Barnes & Noble College
BBVA Compass
BCBSRI
Beacon Health System Inc.
Belmark Inc.
Berkshire Health System
BJ's Wholesale Club Inc.
Black Knight Financial Services
Blackbaud Inc.
Bloomin' Brands Inc.
Blucora Inc.
Blue Cross Blue Shield of Idaho
Blue Cross and Blue Shield of Kansas
Blue Cross Blue Shield of Louisiana
Blue Cross Blue Shield of Minnesota
Blue Cross Blue Shield of Nebraska
Blue Cross Blue Shield South Carolina
BluePearl Veterinary Partners
BMO Harris
Boston Financial
Boston Medical Center
Bottle Rocket LLC
Brinker International
Brookfield Residential
Brown University
BRUKER
Bucknell University
CACI
Caleres Inc.
Canon BISG
Canon USA
Canon Virginia
Capital Blue Cross
Capital One
CareerBuilder LLC
Carle Foundation Hospital
Carngie Mellon University
Caterpillar Financial Services
Cedars Sinai
Cengage Learning
CGI
Chapters Health System
Chemtura Corp.
Children's Health
Children's Hospital Colorado
Chipotle Mexican Grill
Choice Hotels International
CHRISTUS Health
Ciimpress
CIT Trucks
City of Ann Arbor
City of Boulder
City of Chandler
City of Columbia
City of Houston
City of Naperville
City of Round Rock
Cleveland Clinic
CNO Financial Group
College Foundation Inc.
Columbia University
Community Housing Network
CoorsTek Inc.
Corporate Risk Holdings
Covenant Health
Cox Media Group
Creighton University
CSC
CSG International
CST Brands Inc.
CVS Health
CWS Corporate Leasing LLC
Dana-Farber Cancer Institute
Datalink
Datto
Daymon Worldwide
DayNine Consulting
DCI Marketing Inc.
Deluxe Inc.
DENSO Manufacturing of Michigan
Dex Media Inc.
Doaldson Company Inc.
Dollar General
Dominion
Doosan Bobcat
DRS Technologies Inc.
Drury Hotels Company
DSW Inc.
Dude Solutions Inc.
Duravant LLC
DynCorp International
EA Sween Company
ECM Publishers Inc.
EGS
eviCore Healthcare
Excellus BCBS
Experian
Express Scripts
Fairmount Santrol
Farm Credit Bank of Texas
Federal-Mogul

Federated Mutual Insurance Company
FedEx Trade Networks
Feeding America
Ferrellgas
Fifth Third Bank
Findley Davies Inc.
First American
FIS
Fiskars
Florida Blue
FM Global
FMOL Health System
Frisbie Hospital
Frisch's Restaurants Inc.
Froedtert Health
Gate Gourmet Inc.
GECU
Geisinger Health System
General Dynamics Information Technology
Geokinetics
Geonerco Management LLC
Glanbia Performance Nutrition
Glens Falls Hospital
GM Financial
Gordon Food Service
Group Health Cooperative of South Central Wisconsin
Gulf Coast Regional Blood Center
Halyard
Hancock Holding Co.
Hastings Mutual Insurance Co.
Hayashi Telempu North America
HD Supply
Hemophilia of Georgia
Hennepin Healthcare Systems
Herr Foods
Hill Holliday
Hillman Group
HMSHost Corp.
Hobsons Inc.
Holman Automotive Group Inc.
Hologic Inc.
HOLT CAT
HonorHealth
Horace Mann Educators Corp.
Hoshizaki America
Houghton International
Houghton Mifflin Harcourt
HSHS Western Wisconsin Division
HSN
Huntington National Bank
Immanuel
Indeed.com
Independence Blue Cross
Infor
Ingram Micro
Insperity
Institute for Defense Analyses
Interactive Intelligence
Intercontinental Hotels Group
Intermedix Corp.
Investment Company Institute
Invitation Homes
Jacobs Engineering Group
Jama Software
John B. Sanfilippo & Son Inc.
Johnson Financial Group
JT3 LLC
JTI
Kelsey-Seybold Clinic
Kettering Health Network
Kforce
Kronos Inc.
La Colombe
Lakeland Regional Health System
Lancaster General Health
LANDESK Software Inc.
Lawrence Berkeley National Laboratory
Lear Corp.
Lehigh Valley Health Network
Level 3 Communications
LexisNexis
LexisNexis Risk Solutions
LifeWay Christian Resources
Lincoln Electric
Love's Travel Stops
LT Apparel Group
M&T Bank
Management Sciences for Health
Mandarin Oriental Hotel Group
Marchex
Maricopa County
MarketPay
Marvin Windows and Doors
Maschhoff Family Foods
Masonite International Corp.
Mattel
McCain Foods
McLaren Health Care
MCS Industries Inc.
Mead & Hunt
Medica
MEDNAX
Memorial Health System
Mercy Health System
MFS Investment Management
Michael Baker International
Midland States Bank
MidMichigan Health
MidwayUSA
Miraca Life Sciences
Missouri Department of Conservation
Mitsui & Co. (U.S.A.) Inc.
ML Holdings
MMG
MoneyGram International
Morehouse School of Medicine
Morinda
Mountjoy Chilton Medley
MRA - The Management Association Inc.
MRC Global Inc.
MRIGlobal
MSA
National Oilwell Varco
National Radio Astronomy Observatory
Nationwide Children's Hospital
Nautilus Inc.
Navient
Navy Exchange Service Command (NEXCOM)
NBTY Inc.
Nestle
New York and Company
NFL
NIBCO
Nielsen
NiSource
Northern Tool + Equipment
Northern Trust
Novozymes
NuStar Energy
NuStar Energy L.P.
OB Hospitalist Group
ODC
OhioHealth

OK State Regents for Higher Education
ONE Gas Inc.
OneAmerica Financial Partners Inc.
Oriental Trading Co.
OSF HealthCare
Oshkosh Corp.
Oxford University Press
Paradox Compensation Advisors
Paycor
PCM Inc.
Penske Truck Leasing
Perkins Coie
Pfaudler Inc.
Pinellas County Government
Pinnacle Foods
PNC
PNM Resources Inc.
Progress Software
Providence Health & Services
PurFoods LLC
PVH Corp.
Qorvo
Quantum
Quintiles
Raytheon Co.
Regency Centers
Regions Hospital
Rent-A-Center
Repsol Services Co.
Research Now
Richland County, SC Government
Riverside Healthcare
Riverside Research Institute
Rockwell Automation
Rockwell Collins
RR Donnelley
Rubino Consulting Services
SAIC
Saint Luke's Health System
Salary
Samaritas
Sandy Spring Bank
SAP
Savers Inc.
Scentsy Inc.
School Specialty
Securities America
Select Medical
Serta Simmons Bedding
Shure Inc.
Snap-on
Sonora Quest Laboratories
Southcoast Health
Southern New Hampshire Health
Southern States Cooperative Inc.
Sparrow Health System
Sprouts Farmer's Market
SRC Inc.
SRI
St. Johns County Board of County Commissioners
St. Louis County Government
Stage Stores
Standard Insurance
Stantec
State of Washington
Sunbelt Rentals Inc.
Synacor Inc.
Synchronoss Technologies Inc.
SYNNEX Corp.
T-Mobile
Talbots
Tapestry Solutions
TDS Corp.
Teletech Holdings Inc.
Tenet Health Care
Terracon Consultants Inc.
Texas Tech University Health Sciences Center
The Allstate Corp.
The Children's Mercy Hospital
The E. W. Scripps Co.
The Kroger Co.
The Lubrizol Corp.
The Marcus Corp.
The Port Authority of New York & New Jersey
The Schwan Food Co.
The Timken Co.
The University of Alabama at Birmingham
The University of Utah
The UT Health Science Center at San Antonio
The Warranty Group
The Wendy's Co.
The YMCA of Greater Rochester
Thrivent Financial
Tower International
Toyota Boshoku America
Trinity Industries
Trivergent Health Alliance
TriZetto
tronc
TTCU The Credit Union
Tufts Health Plan
Tufts University
U.S. Bank
UBS
UIC Government Services
UL
UMB Financial Corp.
Union County Local Governement
UnityPoint Health
University Hospitals
University of Dayton
University of Florida Health
University of Maine
University of Notre Dame
University of Oklahoma
University of Pennsylvania Health System
University of Puget Sound
University of St. Thomas
Unum
US Ecology Inc.
US Pharmacopiea Convention
USACS
Vail Resorts
Valley National Bank
Vanderbilt University Medical Center
Vanguard Logistics Services
Vectren Corp.
Veritiv
Vixxo
Vulcan Materials Co.
VWGoA Chattanooga Operations LLC
Washington and Lee University
Waste Management
Webster Bank
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Wells Enterprises Inc.
WESCO Distribution Inc.
West Corp.
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WVU Hospitals
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YKK Corporation of America
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