Date: 11-29-2007  

Subject: Compliance with Federal and New York State Overtime Provisions in Accordance with Fair Labor Standards Act Classifications

Compliance with Federal and NY State Labor Laws governing Exempt and Non-Exempt employee classifications require the following changes. Non-Exempt employees are eligible for and must be paid overtime at 1.5 times their regular rate of pay for hours worked in excess of 40 hours per week.

<table>
<thead>
<tr>
<th>Change</th>
<th>Phase</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>Currently, the Research Foundation pays overtime to employees in Non-Exempt titles for hours worked in excess of 40 hours in one week within only one PRSY. For Non-Exempt employees who have multiple appointments where the combined hours total more than 40 hours in one week, overtime will be paid and charged to the grant and respective encumbrance that caused the total hours worked to exceed 40 hours in one week. In other words, the grant for which the employee worked in excess of their scheduled hours will be charged for the overtime.</td>
<td>Phase I</td>
<td>Effective Jan. 1, 2008</td>
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<td>All employees who earn less than $536.10 per week will be classified as Non-Exempt, paid on an hourly basis, and will be eligible for 1.5 times their rate of pay for all regular hours worked over 40 hours in one week.</td>
<td>Phase I</td>
<td>Effective Feb. 1, 2008</td>
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<td>All employees classified as Exempt must earn $536.10 or more per week (whether full time or part time) and will be paid a predetermined salary each week. Notes: Exempt employees will be paid for a full day of pay as long as they work any amount of time within that day. On those partial days, accrued leave may be charged. If there is no available accrued leave, the employee will receive a full day of pay for a partial day of work unless the employer requires them to take a full day off. Time sheets for Exempt employees will be used to record “time and effort” for Grants &amp; Contracts reporting purposes and to manage accruals only.</td>
<td>Phase I</td>
<td>Effective Feb. 1, 2008</td>
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<td>Requires 6-8 Months System Programming Tentative Sep. 1, 2008</td>
<td>For Full Time Employees On One PRSY</td>
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<td>For Part Time Employees And Employees On More Than One Concurrent PRSY</td>
<td>Phase II</td>
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<td>All employees in Exempt Instructor or Teacher titles may be paid based on hours worked at an hourly rate of pay and still remain classified as Exempt.</td>
<td>Phase I</td>
<td>Effective Jan. 1, 2008</td>
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Exempt employees are paid on a “salary basis”, i.e., a predetermined amount. Exempt employees must receive their full salary for any week in which they work. Deductions may be made from the salary of Exempt employees with the following exceptions:

1. For absences of one or more FULL DAYS for personal reasons (other than sickness or disability) once all annual leave has been exhausted. (Partial days off for personal reasons must be paid as full days. The Research Foundation reserves the right to require employees to take full days off.)

2. For absences of one or more FULL DAYS for medical reasons (sickness or disability) once all sick and annual leave has been exhausted. (Partial days off for medical reasons must be paid as full days. The Research Foundation reserves the right to require employees to take full days off.)

3. During the first or last week of employment.

4. To offset pay for jury duty, witness fee or military pay.

5. Good faith full day disciplinary suspensions.

6. Penalties imposed for violations of safety rules of major significance.

7. For FMLA leave without pay including intermittent and partial day FMLA leave.

Other System Changes:

System Integration will involve CYBORG, the e-PAF, Web Reports, and e-Timesheet systems.

1. A part time salary classification will be created. Salary and FT status will be unlinked in all systems.

2. Accruals will be earned based on the hours submitted in the timesheets for hours up to 70. This is applicable to employees in positions with either Exempt or Non-Exempt classifications.

3. Web Reports will identify and reflect overtime payments separately from regular payroll.

A formal policy is in progress and will be made available via the RF website.

Notification to PIs of the new actions will be communicated via email, website, and additions to the Project Director’s guide.

Controls will be implemented to ensure against misclassifications.