



National Aeronautics and
Space Administration
Washington, DC 20546

Grant Information Circular

GIC 16-03

October 5, 2016

GRANT/COOPERATIVE AGREEMENT ADMINISTRATION GUIDANCE RELATIVE TO NEW DOL OVERTIME RULE

PURPOSE: To establish a uniform response to inquiries about the new Department of Labor (DOL) overtime guideline and its effect on current grantees' budgets.

BACKGROUND: On May 18, 2016, the Secretary of Labor announced the final rule updating the overtime regulations, which increases the exception threshold from \$23,660 per year to \$47,476 per year. As a result of these new regulations, DOL published guidelines for how this change will affect employees of Institutions of Higher Education.

Following the publication of the DOL final rule, NASA has received inquiries from several organizations on how the changes will impact the budgets on current grants and cooperative agreements. Of particular concern to the NASA grant community is the application of this new regulation to postdoctoral science researchers who are not covered by the teaching exemption. Specifically, NASA program officials received questions regarding —

- a. NASA increasing the postdoctoral salaries for university employees; and
- b. NASA providing supplemental funds to cover these costs for current grantees.

GUIDANCE: The following guidance applies to all NASA grant and cooperative agreement awards, regardless of type of recipient.

- a. NASA does not set a cap on postdoctoral salaries; their salary is set by the university that employs them. Further, the new DOL rule doesn't require an increase in postdoctoral salaries, but changes the annual wage level that is considered exempt from overtime pay requirements. The new threshold is \$913 per week (\$47,476 for a full-year worker), which is roughly double the old threshold of \$455 per week (\$23,660 for a full-year worker). Note that this change does not go into effect until Dec. 1, 2016.
- b. NASA will not supplement current recipient budgets to cover any increases in

expenses that result from implementing the new DOL overtime regulations since recipients have multiple ways to manage their workforce with regards to overtime that would not require additional funding. For example, recipients could do the following:

- If the level of effort for the postdoctoral or other covered employees is less than 100%, then there shouldn't be any overtime problems.
- If the level of effort is 100%, recipients could—
 - Only allow postdoctoral or other covered employees to work 40 hours/week;
 - Use compensatory time (if policies allow for this type of benefit); or
 - Re-budget the current awarded funds to cover the additional expenses.
- If recipients actually increase the yearly wage to the new threshold, then they would need to re-budget the current award funds in the same manner as for any salary increase.

EFFECTIVE DATE: This GIC is effective as dated and shall remain in effect for one year from date of issuance.

REGULATION OR TERM AND CONDITION CHANGES: None.

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