

April 10, 2024

**MEMORANDUM**

**TO:** Deans, Directors, and Chairpersons

**FROM:** Christina Brogdon, Vice President and Chief Human Resources Officer  
Teresa Mastin, Vice Provost and Associate Vice President for Faculty and Academic Staff Affairs

**SUBJECT:** Revised Fair Labor Standards Act Regulations

The U.S. Department of Labor (DOL) is proposing a new salary threshold to qualify for exempt status under the Fair Labor Standards Act (FLSA), potentially allowing more employees overtime pay for hours worked over 40 in a workweek. We expect the final regulations to be issued soon – with a grace period for compliance – and we will communicate throughout the process.

**Background and Proposed Regulations**

The FLSA is an act that, in general, requires overtime and a minimum wage for all non-exempt employees. Current regulations classify exempt employees based on salary basis, level, and duties test. There are a few exceptions – for some positions such as teachers, doctors, and lawyers are considered exempt regardless of the salary basis or level.

The new proposed salary threshold is \$55,068 per year. This change would mark a significant increase over the current salary threshold of \$35,568 per year. However, the DOL may change this amount in the final regulations. Because we do not have the final salary threshold, it is difficult to assess the financial impact on the university at this point.

As you may recall, there were legal actions following the issuance of new FLSA regulations in 2016. Legal action challenged the proposed changes to the regulations and a nationwide injunction ultimately blocked them from taking effect, so this may happen again. We are monitoring the situation and will provide as much information as we can throughout this period.

**Expected Impact**

The vast majority of faculty and academic staff positions will remain exempt based on the salary basis, level and duties test or the teacher exemption. However, certain faculty and academic staff who do not have regular teaching responsibilities (e.g., research associates/postdocs) and support staff could be impacted.

The university has worked hard to make sure it follows the rules of the Fair Labor Standards Act (FLSA). There are policies and procedures in place to ensure compliance. You can find all the information about the current FLSA regulations, like rules about overtime, minimum wage, and keeping track of time, on the webpage [hr.msu.edu/flsa](http://hr.msu.edu/flsa).

Once a final determination has been made and an implementation date has been identified, further details will be communicated. Additionally, HR Compensation will provide communication and refresher training on compliance processes to Unit HR Representatives.

**Please direct questions to the MSU HR Compensation group at [HR.ClassComp@hr.msu.edu](mailto:HR.ClassComp@hr.msu.edu).**

Compensation will partner with the Office for Faculty and Academic Staff Affairs as needed to address questions or concerns.