

May 17, 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: U.S. Department of Labor Announces New Overtime Rule

On April 10, we shared [this memo](#) alerting you to the U.S. Department of Labor’s (DOL) proposed revisions to the Fair Labor Standards Act (FLSA). Specifically, **the DOL proposed a new salary threshold to qualify for exempt status under the FLSA**, potentially allowing more employees overtime pay for hours worked over 40 in a workweek.

The FLSA overtime rule provides when employees are exempt or not exempt from receiving overtime pay:

1. **Exempt employees - not eligible for overtime pay** for hours worked over 40 in a workweek. Employees are exempt if they are paid an actual annual salary, which is **at or above** the FLSA salary threshold, and/or perform work that meets one of the FLSA exemption duties tests.
2. **Non-exempt employees – Eligible for overtime and** must track and submit time sheets to their supervisors and be paid time and a half for any hours worked more than 40 in a workweek. Employees are non-exempt if they are paid an actual annual salary that is **below** the FLSA salary threshold, and/or perform work that does **not** meet one of the FLSA exemption duties tests.

New Changes to the FLSA Salary Thresholds

Current	July 1, 2024	Jan. 1, 2025
\$35,568	\$43,888	\$58,656
<i>\$684 per week</i>	<i>\$844 per week</i>	<i>\$1128 per week</i>
	Impact→ <100 employees	>600 employees

Faculty and Academic Staff

The **vast majority** of faculty and academic staff positions **will remain exempt** based solely on their duties meeting the **teacher exemption** under FLSA, or because their duties meet other FLSA exemption duties tests and their actual annual salary is above the new proposed threshold, effective July 1, 2024.

- Certain faculty and academic staff, however, who do not fall under a teaching exemption (e.g., research associates/postdocs), and whose actual annual salary is **below** the salary threshold, are impacted by becoming non-exempt.

Support Staff

Salaried support staff who are typically considered exempt due to their position duties will become non-exempt if their actual annual salary falls below the FLSA salary threshold. Groups that can possibly be impacted include union and non-union APA, APSA, Extension Program Associates, Residence Life Staff, and Nurses.

- Hourly paid employees and CTU employees are already considered non-exempt and will remain non-exempt.

Next Steps

1. **Online educational sessions on June 19 at 9:00 a.m.** - Human Resources Unit Representatives are invited to learn the new overtime rule changes, how to identify impacted employees, and steps units can take to maintain compliance. An invitation will be sent within the next week.
 - There is **no central funding** for responding to this change in the law. However, we recognize that these changes may affect your operations, and we will communicate all available options to help you remain compliant. These options may include **job restructuring, employee reclassification, or salary adjustments**.
2. **Continued monitoring** - We are closely monitoring the likely legal challenges that may impact implementation. Challenges occurred in 2016 and resulted in the university working toward implementation, only to have the regulations blocked by an injunction at the eleventh hour. This consideration will be discussed during the June educational session when determining the course of action for each unit to maintain compliance.
3. **We will continue to communicate** as soon as we have any information about legal challenges throughout this time.

Please direct questions to the MSU HR Compensation group at HR.ClassComp@hr.msu.edu. Compensation will be partnered with the Office for Faculty and Academic Staff Affairs as needed to address questions or concerns.