

# MICHIGAN STATE UNIVERSITY

January 3, 2020

## MEMORANDUM

**To:** Deans, Directors, and Chairpersons

**From:** Sharon Butler, Associate Vice President for Human Resources  
Theodore Curry, Associate Provost & Associate Vice President  
for Academic Human Resources

**Subject:** Revised Regulations under the Fair Labor Standards Act (FLSA)



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The Department of Labor (DOL) is raising the standard salary level, necessary to qualify for exempt status under the Fair Labor Standards Act (FLSA) effective January 1, 2020. The FLSA is an act that, in general, requires overtime and a minimum wage for all **non-exempt** employees. Under current FLSA regulations, an employer can classify an employee as exempt, under what are referred to as the white collar exemptions, only if the employee meets both of the following tests: (1) *salary level test* – they make above a certain salary level, currently \$23,660 annually, and (2) *duties test* – their duties consist of certain executive, administrative or professional functions. Exceptions are provided for employees who fall into specific categories such as teachers, doctors, and lawyers. In these cases, meeting the salary level test is not necessary to be an exempt employee.

Effective January 1, 2020, for an employee to be considered exempt from overtime under the FLSA, the salary must be **\$35,568 a year (or \$684 a week)**. **The impact to the university is very limited.**

### Faculty and Academic Staff

The vast majority of faculty and academic staff positions are exempt based on the salary level and duties test or the teacher exemption. A large portion of faculty and academic staff (including outreach specialists) meet the criteria specified in the “teacher exemption.” Teachers are generally considered exempt, regardless of salary level, if their primary duty is teaching, tutoring, instructing or lecturing in the activity of imparting knowledge. The new regulations are estimated to affect only two full-time employees<sup>1</sup>, and approximately twenty part-time employees (note: the FLSA does not

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<sup>1</sup> Academic Human Resources will contact the units with the two full-time employees to discuss the situation.

prorate the salary test for part-time employees). Of that small number of impacted part-time employees, most have employment percentages well below 100% and should, therefore, not be working over 40 hours in a week

### **Support Staff**

With regards to support staff, many staff are already entitled to overtime. The new regulations are estimated to affect no full-time employees and fewer than 50 professional part-time salaried employees. Of that small number of impacted part-time employees, most have FTE percentages of well below 100% and should, therefore, not be working over 40 hours in a week. Nevertheless, for this small group, departments may wish to do one of the following:

- Ensure that the impacted employee's FTE percentage (i.e. 50%) is not exceeded and, if hours worked ever exceed 40 hours in a work week, those hours are paid appropriately at an overtime rate (see the Support Staff Overtime Policy for more detail);
- Increase the employee's salary and/or FTE percent to meet or exceed the new threshold.

Find more information about FLSA on the HR website at [www.hr.msu.edu/flsa](http://www.hr.msu.edu/flsa), including the Support Staff Overtime and Time Tracking Policy and FAQs for employees and supervisors/administrators.

### **Please direct questions to:**

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