



Human Resource Services

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Date: November 5, 2024
To: Deans/VPs/CC Chancellors
CC: HR Liaisons
Through: Marshall Parks, Interim Assistant VP, Human Resource Services
From: Joyce Rindner, Director, Employment & Compensation Services
Subject: Upcoming Changes to FLSA Exemption Salary Threshold – Action Required

Dear Deans and Department Leaders,

As you are aware, effective January 1, 2025, there will be a change to the Fair Labor Standards Act (FLSA) exemption salary threshold requirement. I want to highlight a few key points regarding this upcoming change:

- The increase in the exemption threshold will affect a significant number of our current exempt status employees.
- The estimated cost to adjust the salaries of all affected employees to meet the new threshold of \$58,656 could reach several million dollars.
- Continuously adjusting salaries in response to each change in FLSA requirements will create a financial burden and further complicate our existing salary compression issues. Therefore, investing in a new compensation structure will provide a more effective and sustainable use of our limited funds.

Our Approach for January 1, 2025 Compliance:

- **Default Position:** We intend to refrain from implementing major pay changes on January 1, 2025, and will instead convert the affected positions as non-exempt. This approach will help us avoid exacerbating our current compression issues and will allow us to allocate resources toward addressing competitive wage concerns in the future.
- **Establishing a Comprehensive Staffing Strategy:** Our goal is to create a more effective strategy for hiring and retaining staff across all positions, not just those impacted by the January 1, 2025 FLSA wage adjustments. We aim to complete this update by May 1, 2025, laying a strong foundation for position classification and competitive pay bands that will inform our future compensation decisions.

Request for Your Input:

We have provided a preliminary list for your review. Please update the column labeled “Proposed FLSA” with your insights and use the comments column to add any additional information. As you assess the list of exempt staff in your area, consider the following:

- Significant regular travel that requires more than 40+ hours a week and cannot be accommodated with schedule adjustments.
- Regular work hours exceeding 45 hours a week (not limited to peak periods).
- Positions that by the salary test (those making less than \$58,656) will be non-exempt and can be managed by approved procedures and policies to minimize overtime.

What to Expect from Us:

- We will carefully review the information you provide and communicate final determinations regarding exempt or non-exempt status **on or before November 27, 2024**.
- Our review will consider campus-wide consistency in classification status, ensuring similar positions across the university maintain the same FLSA status. While this may lead to some disruption at the departmental level, it is necessary for maintaining consistency.
- Your feedback is critical in this process. Please review the spreadsheet(s) and return your recommendations by **November 15, 2024**. Submissions received sooner will assist us in managing updates more efficiently.

To support you throughout this process, we will be offering information sessions on the FLSA to guide HR liaisons and other stakeholders involved in the review. These sessions will explore options for flexible alternative work arrangements. We will provide training on FLSA regulations, classifications, and timekeeping rules and responsibilities.

These sessions will occur every Friday, beginning November 8, 2024, through December 13, 2024, from 2:00 PM to 3:00 PM. Invitations will be sent shortly. We will also utilize the pre-scheduled time the larger divisions have each week with their business partners for analyzing and managing this time-sensitive review.

We recognize that this is a challenging task faced by universities and many organizations alike. We appreciate your cooperation and collaboration as we navigate this federal compliance requirement together.

Thank you for your attention to this important matter.