




**MEMORANDUM**

**TO:** University Administration, Faculty & Staff

**FROM:** Dr. Veronica Sills, Associate Vice Chancellor and Chief Human Resources Officer 

**DATE:** Wednesday, November 20, 2024

**SUBJECT:** Update on FLSA Overtime Rule

I am writing to share a critical update regarding the Fair Labor Standards Act (FLSA) overtime rule. On November 15, a federal judge in the Eastern District of Texas struck down the Biden administration's final rule on overtime regulations. This ruling invalidates the salary threshold increases that took effect on July 1 and were scheduled for January 2025, along with the automatic updates that would have occurred every three years. **As a result, the previous salary threshold of \$684 per week (\$35,568 per year) from the 2019 regulations will remain in effect for now.**

**Background**

On April 23, 2024, the U.S. Department of Labor announced a final rule update and revised the regulations of positions exempt from minimum wage and overtime pay requirements. The final rule implemented a two-phase approach to increasing the minimum salary threshold under the FLSA overtime regulations. The first increase took effect on July 1, increasing the minimum salary threshold from the current level of \$684 per week (\$35,568 per year) to \$844 per week (\$43,888 per year). The second increase was set to take effect on January 1, 2025, and it would have increased the minimum salary threshold again to \$1,128 per week (\$58,656 per year). The final rule also adopted automatic updates to the minimum salary threshold that would occur every three years.

**Campus Impact**

Our campus [took proactive action](#) to inform the campus of the impact and next steps while remaining compliant with the DOL's provisions by increasing salaries for nineteen impacted positions to remain exempt and prepared for the implications of the proposed January 2025 threshold.

**Next Steps**

All UNC System campuses are awaiting further guidance from the UNC System Office to determine what, if any, actions need to be taken regarding the positions for which we implemented increases to meet the July 1 threshold.

**The overtime threshold for FLSA-exempt employees will remain at \$35,568.** There is no action required from employees or supervisors at this time regarding compliance with the previously proposed July 2024 and January 2025 thresholds, which have now been revoked. Essentially, departments are not required to increase salaries for FLSA-exempt positions. Supervisors considering salary adjustments for their employees based on other qualifying reasons are encouraged to review the Salary Increase Guidelines section on [the Salary Administration page](#) and consult with their department's assigned classification & compensation consultant.

The university is committed to maintaining compliant and equitable compensation practices that foster a thriving campus community. The Department of Human Resources will continue collaborating with university leadership and departments to ensure ongoing compliance with current Department of Labor regulations. Updates regarding these changes will be posted on the [Human Resources Classification & Compensation website](#). Additional guidance will be provided as new developments arise.